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This is no longer commercially sold and is no longer supported in any way.

The PDF is made available for the landlord community if it may help them manage properties. Many new software apps are available now that were not when this was first written from 2003-2006, and revised around 2015.

If you are reading this without first looking at specialized software, check that out first and only if you are determined to use QuickBooks come back to this. If you use this, I hope it helps you, so let me know at info@landlordaccounting.com. We cannot provide any support though. Emails may not be read or answered as this is not a business we are in any more.

This guide is written for QuickBooks Windows desktop version. However many of the core concepts apply to other versions (Online and Mac).

Downloadable sample company files referenced in the PDF are no longer available, however people may get the rough idea by seeing the examples in many screenshots and the list of transactions starting on page 39.

-Jonathan



How to use QuickBooks for Rental Properties

Revision 3.0
Jonathan Wolter

www.LandlordAccounting.com

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This book was originally written for QuickBooks Pro on Windows. The principles are similar in other versions, although some screens may look different, and more or less functionality may be present. It is intended to aid someone in evaluating QuickBooks and get started using it for their residential real estate business. Ultimately, you are responsible for your own books. Therefore, I highly recommend that you have your accountant look over the setup suggestions, and you give QuickBooks a "trial run" early in the process. To ensure QuickBooks is configured optimally for your business, and that it will provide you with all information that you need, enter a small number of your routine transactions. Then try running all the reports you may eventually need.

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All names and companies in the sample file are fictitious and any similarity with a real person or company is entirely coincidental.

Acknowledgements

There are many people to thank for bringing this book into fruition. First written as an in-house guide to solve our own business' needs, and now incorporating feedback from our many customers since 2006. From the first idea that kept our family business awake at night, to the many people who encouraged and assisted the team in completing this. I especially want to thank the following people and organizations.

- Thousands of customers since we launched 8 years ago. Your success and encouragement has been deeply rewarding. Please share your success story as a testimonial at LandlordAccounting.com/your-story.
- You! Most importantly, I thank you for taking the initiative in purchasing my book and committing to ongoing self-education. I wish you the greatest success!
- Intuit for granting permission for me to use screenshots of their software.
- The many beta testers who sent in feedback and made this book's latest version (hopefully) very helpful and user friendly.
- Tens of thousands of visitors to LandlordAccounting.com who compelled us to keep striving for better and better manuscripts in order to answer their frustrations and requests.
- Also thanks to the many technical reviewers who caught several typos or errors. If any remain (and unfortunately some probably do), they are entirely my responsibility. Please contact me if you find a mistake.

Jonathan Andrew Wolter
December 27, 2016
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Please write in and share how this is helping you, or if you still need more help.

Table of Contents

Chapter 1: Introduction

- [1.01 Who Should Read This Book](#)
- [1.02 What this Book Is](#)
- [1.03 What this Book Is Not](#)
- [1.04 When is a Good Time to Read and Implement this?](#)
- [1.05 How this Manual is Designed](#)
- [1.06 QuickBooks is not Quicken](#)
- [1.07 QuickBooks is not Quicken Rental Property Manager](#)
- [1.08 Benefits of QuickBooks](#)
- [1.09 My Personal Goal](#)

Chapter 2: Accounting Fundamentals

- [2.01 Why Does a Landlord or Investor Need Accounting?](#)
- [2.02 The Basic Accounting Equation](#)
- [2.03 What is an Account?](#)
- [2.04 What is The Chart of Accounts?](#)
- [2.05 Debits and Credits](#)
- [2.06 Introducing the Balance Sheet](#)
- [2.07 Introducing the Income \(P & L\) Statement](#)
- [2.08 The Sum of all Debits = the Sum of all Credits](#)
- [2.09 What is Double-Entry Accounting?](#)
- [2.10 Cost Basis and Adjusted Basis of Property](#)
- [2.11 What is Depreciation?](#)
- [2.12 What are Capital Improvements versus Repairs?](#)
- [2.13 Cash Accounting, not Accrual](#)

Chapter 3: QuickBooks Fundamentals

- [3.01 Install QuickBooks](#)
- [3.02 Open a Sample Data File](#)
- [3.03 Credentials if Prompted for User Name and Password](#)
- [3.04 Transactions in the Sample File](#)
 - [Transactions for the sample company YourCompany LLC](#)
 - [Transactions related to 123 Main St](#)
 - [Transactions related to 1610 N. Andrews](#)
 - [Transactions related to 320 Baker \(Condo Unit\)](#)
 - [Transactions related to 3304 Covenant](#)
- [3.05 Introduction to the QuickBooks Environment](#)
- [3.06 Properties are “Customers” in the “Customer Center”](#)

- 3.07 Tenants are “Jobs” in the “Customer Center”
- 3.08 Transactions in the Customer Center
- 3.09 Every Account is in the “Chart of Accounts”
- 3.10 Properties are Asset Accounts
- 3.11 Some Accounts have a “Register”
- 3.12 Properties use a “Class” or “Sub-class”
- 3.13 “Invoices” Charge Tenants for Rent
- 3.14 “Items” go on Every Invoice
- 3.15 Rent is Your Primary “Item”
- 3.16 Customize Invoice Templates with your Logo
- 3.17 “Memorized Transactions” Occur Automatically
- 3.18 “Write Checks” don’t “Pay Bills”
- 3.19 Write Checks
- 3.20 “Make Deposits” versus “Receive Payments”
- 3.21 The “Vendor Center” is for Companies You Pay
- 3.22 If you have employees, use the “Employee List”
- 3.23 People on the “Other Names List”
- 3.24 Delete, Make Inactive, and Void
- 3.25 “Merge” List Items
- 3.26 “Reconcile” your bank account
- 3.27 Online Banking Setup
- 3.28 “Split Transactions”
- 3.29 Changing QuickBooks “Preferences”
- 3.30 “Back up” your Company Data
- 3.31 “Restore” your Company Data
- 3.32 Enter Your Reimbursable Expenses in Journal Entries
- 3.33 Writing, Ordering and Printing Checks
- 3.34 Payroll Options
- 3.35 Suggested Approach to Starting Your Company File
- 3.36 You Must Complete Company Information

Chapter 4: Property Tasks

- 4.01 The Basics of Properties in QuickBooks
- 4.02 Record Earnest Money in an Offer to Purchase
- 4.03 Record a Purchase with Cash
- 4.04 Record a Purchase with a Conventional Mortgage
- 4.05 Financing from another Property (or an Investor)
- 4.06 Record a Hard Money Loan or Line of Credit
- 4.07 Add an Existing Company-Owned Property
- 4.08 Transfer a Property you own into Your Company
- 4.09 Contribute Properties with Accumulated Depreciation
- 4.10 Accounting for Escrow Impound Accounts

- [4.11 Record Maintenance Expenses](#)
- [4.12 Record Capital Improvements](#)
- [4.13 Pay a Mortgage](#)
- [4.14 Sell a Property](#)

Chapter 5: Tenant Tasks

- [5.01 Add a Tenant to a Property](#)
- [5.02 Automatically Charge Residents for Rent](#)
- [5.03 Receive Rent](#)
- [5.04 Manually Charge Late Fees](#)
- [5.05 Automatically Charge Late Fees](#)
- [5.06 Deal with Bad Checks](#)
- [5.07 Send Statements to Tenants](#)
- [5.08 Enter Prepaid Rent](#)
- [5.09 Receiving Prepaid Rent](#)
- [5.10 Charge for Damages while Rented](#)
- [5.11 Enter Deposit to Hold a Unit](#)
- [5.12 Enter Security Deposits](#)
- [5.13 Enter Security Deposit and First Month's Rent Together](#)
- [5.14 Fully Refund Security Deposits](#)
- [5.15 Partially Refund Security Deposits](#)
- [5.16 Write Off Rent as Uncollectible](#)

Chapter 6: Advanced QuickBooks Usage and Tips

- [6.01 "Reminders," "To Do" Lists, and the "Calendar"](#)
- [6.02 Define Fields for Customers and Jobs](#)
- [6.03 Paying an Owner who is not on Payroll](#)
- [6.04 Reimburse someone's purchase for the company](#)
- [6.05 Tracking Company Startup Costs](#)
- [6.06 Common Area Maintenance \(CAM\)](#)
- [6.07 Contributing Cash into Your Company](#)
- [6.08 End of Year](#)
- [6.09 1-Line View in the Register](#)
- [6.10 Using an Accountant's Review Copy File](#)
- [6.11 Merging your Accountant's Changes](#)
- [6.12 Keyboard Shortcuts](#)

Chapter 7: Reporting Tasks

- [7.01 Using Reports](#)
- [7.02 QuickReports](#)
- [7.03 Profit and Loss \(Income Statement\) Standard Report](#)
- [7.04 Profit and Loss Detail Report](#)

- [7.05 Profit and Loss by Property](#)
- [7.06 Profit and Loss for One Property](#)
- [7.07 Balance Sheet Standard](#)
- [7.08 Balance Sheet Details](#)
- [7.09 Customizing Reports, using Filters, and More](#)
- [7.10 Reports to Find and Correct Errors](#)
- [7.11 Running a Rent-Roll \(Report on Overdue Tenants\)](#)
- [7.12 Historical Charges and Payments by Tenant](#)
- [7.13 1099 Reports for Vendors](#)
- [7.14 Report on Asset Value Changes per Property](#)
- [7.15 Report on Capital Improvements per Property](#)
- [7.16 Building Insurance Expiration and Status Report](#)
- [7.17 Tenant Move-In-Date and Contact Information Report](#)
- [7.18 Using Customer Type for Enhanced Reporting](#)
- [7.19 Congratulations you made it!](#)

Appendix A: Business Entities

- [A.01 Sole Proprietorship](#)
- [A.02 LLC](#)
- [A.03 Multiple Entity Structure](#)
- [A.04 Other Structures](#)

Chapter 1: Introduction

1.01 Who Should Read This Book

This book is designed for people involved in the purchase, management, and tracking of rental homes or apartments. It is my hope that this book will aid you in your understanding and application of QuickBooks for a real estate investment company. Other individuals such as property managers, commercial landlords, or developers have found this book helpful too. I appreciate your feedback and success stories as you read this over. Share successes at LandlordAccounting.com/your-story.

You will understand how a real estate rental business works and the associated terminology. Ideally you already either have your own corporate entity, or are in the process of forming one. It is essential for you to have a strong understanding of the financials of your company, even if you hire a bookkeeper. We'll help you learn them. Use QuickBooks to enter data properly and you will be able to analyze your business, make decisions using accurate financials, and save an enormous amount of time.

I recommend starting at the beginning to understand the underlying accounting principles. This applies if you plan to enter the bookkeeping data yourself, hire a third party, or train an employee to do it. You will learn common bookkeeping activities a landlord will encounter while dealing with properties, tenants, and sorting out financing.

1.02 What this Book Is

This manual is an education tool to bring anyone involved in the residential real estate rental market up to speed to manage the bookkeeping and property management using QuickBooks. The basic concepts and terminology will still apply to older or newer versions.

Throughout this book I will use a sample data file of an LLC. Your entity, state laws and individual needs may differ. Get a competent accountant and attorney and go over what you do in QuickBooks.

Large public corporations keep two sets of accounting books: one for tax purposes, and the other for management decision making and analysis purposes. This manual assumes you keep one set of books and use one QuickBooks file.

1.03 What this Book Is Not

This manual is not a replacement for your accountant. There are over 70,000 pages of tax law which increase yearly. Please interview many accountants and choose a competent one with extensive experience with QuickBooks and real estate business owners like yourself. Find them via your other investor friends, Yelp, and your professional contacts. When you're ready to implement QuickBooks for your property management, make sure your accountant supports you and is familiar with the program. Most who deal with small businesses are, and may even offer you a discount for using

QuickBooks.

This manual is not a replacement for your attorney. Consult your attorney. Do not consider anything in here legal or tax advice.

Caution



Neither this book nor the author engages in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Build a competent team of experts in your field of real estate.

1.04 When is a Good Time to Read and Implement this?

Read now! Implement slowly. Commit to reading this every day and playing with QuickBooks until you master it and are ready to try it on your own company. I invite you to visit the free forums at LandlordAccounting.com on a regular basis to ask questions and strengthen your knowledge by helping answer other people's questions. It is suggested to not try this on your own "real" books at first. Instead enter transactions that are similar to what you would incur in your company. Then try generating the reports you need and have your accountant look it over. Start using QuickBooks exclusively when he or she approves your setup.

1.05 How this Manual is Designed

I am an investor, landlord, consultant, and business owner. I firmly believe in the importance of understanding the financial health of your companies. Some investors just want to hunt finding the next investment, and they insufficiently manage, optimize, and track what they already have. Through this book and the accompanying company files, you will enter property, tenant and management company transactions, automatically track tenants' late fees, understand your business' financial health, and save time.

Information that you type appears in **this special typeface**. If you need to press a special key sequence, such as the "Control" key and the "A" key, I will write it like: **Ctrl+A**. I put QuickBooks specific terms in "quotations" the first time they appear.

When you need to click a link or a menu item on the screen those will be bold. For example, to open a company file in QuickBooks, click **File > Open Company....**

If a new term is introduced, I use a definition box like the following:

Definition

Tenant: A friendly, responsible inhabitant of a residential rental property, whom always pays rent early, doesn't call at 2:00 AM with a leaky sink, thoroughly cleans before moving out of the place, and warmly accepts rent increases.

As you read you will have questions, I try to answer them all here in FAQ's. If I don't answer your question, don't hesitate to search the forum at LandlordAccounting.com – someone else probably had the same question and it was answered.



Q: What should I do if the tenant's carbon monoxide detector goes off on big a holiday weekend and maintenance cannot get parts until Monday? I don't have any vacant units for them to stay in either. Help!

A: Offer a hotel room for the night but set a limit on the cost. Preferably arrange the hotel for them, according to your budget. Always think ahead.

“We went to a hotel with an indoor waterpark so the children could enjoy themselves and we just needed two suites because we all cannot fit in one room.” (true story)

Sometimes something tricky comes up; if that's the case, take careful note of our Quick Tips:

Quick Tip

Remind those with children that objects do not go down the bathroom drain.

“He did not know that the drain wasn't big enough to take the pieces of wood and glue from his model airplane he was building.” (true story)

Enforce the concept of the late fee policy, and hope the tenants can decide what is important.

“The rent will be late this month because my great uncle died in Chicago three months ago and we thought we should go up for the will reading since we had not gone up yet for the funeral. We wanted to make it a nice time for the children, so we rented a van to drive and wanted to stay in a really nice hotel and see some sights. I'm sure you can understand.” (true story)

There will be times that you need to use extra care, we will highlight these moments with a caution.

Caution

You need a competent team with professionals working for you. Don't try any of this alone!

When a related topic is relevant to current discussions, the See Also box will refer you to these other topics.

See Also

Visit the forum for other people's questions and answers, or to post your own questions, at LandlordAccounting.com/forum.

From time to time there will be additional information that does not merit inclusion in the main text area, but some people will enjoy reading it. A sidebar will pop up on the side and delve into more details.

Make it clear to tenants not to mix chemicals in drains.

"I am sorry I can't meet the plumber because I'm in the emergency room in the hospital. They say I have burnt my lungs from pouring the drain cleaner that my ex-husband recommended after I had poured my own brand down the drain. He said it would clear any thing out. The worst part is that they say I cannot smoke for at least 6 months." (true story)

1.06 QuickBooks is not Quicken

Quicken is a personal finance product for individuals. It uses single entry accounting. Amounts are usually recorded in column form, like a checkbook register. Entries include the transaction's date, a memo, and the amount of money involved.

QuickBooks is an accounting solution for small businesses. It uses double entry accounting. Each entry has two accounts (sometimes more with "splits") associated with it. In the simplest case this means one account is where the money came from, and the other explains how it was spent. For instance, you use cash to buy a new property. The two accounts involved are cash and a fixed asset account for the property. Money came from the cash account and it went to the new asset. Details on double entry accounting appear next chapter. QuickBooks makes it easy and once you understand it, you will be grateful of double entry's power.

Businesses need more detailed financial reporting than individuals. QuickBooks transactions are recorded on a dual impact on the financial position (change to balance sheet) or operating results (change to income statement) or both. You cannot deposit money from a security deposit into a

checking account (increasing an asset on the balance sheet) and stop there. You also need to recognize that you owe this back to the renter (and add a liability on the balance sheet).

QuickBooks has fields to collect information about your tenants, services, vendors, inventory, late fees, etc. You can invoice your tenants, track accounts payable and rent receivable, make journal entries, create advanced reports and more in QuickBooks3. Many of these functions are not available in Quicken.

When you start to use QuickBooks for your business, it should have no relationship to your personal finances. If you commingle the two, you may have serious consequences with the law or tax authorities. It is essential to keep separate personal and corporate finances. If you are migrating records from Quicken to QuickBooks, refer to the integrated help on this topic in both programs.

1.07 QuickBooks is not Quicken Rental Property Manager

Many of my customers have first tried to use Quicken Rental Property Manager; however it did not work out well for them. Because it is designed to be so “simple” many real business scenarios just aren’t supported. QuickBooks is still our best bet. Here is what some of my customers had to say:

“I tried the Quicken PM [Rental Property Manager] – very busy and very non-intuitive.” - C.B.

“We are presently using Quicken Rental Property Manager 2.0. It is an entry level program, but quite an improvement from our previous excel spreadsheet system. Quicken RPM 2.0 does not provide the ability to compare expenses, profits, between individual units/tenants on our property’s.” - D.W.

“Checked with my accountant on this one and turns out this is actually a QUICKEN product so it doesn’t have the double entry system and some other necessary business features.” - C.K.

“The new software [Rental Property Manager] did not produce any late notices and is not able to be interfaced with Quickbooks.” - E.E.

I hope you too will turn to QuickBooks since it is a real business accounting software package. With this guide and our data files, it is not hard to set up, and you’ll quickly be moving in the right direction. Read more about the differences in QuickBooks and Quicken Rental Property Manager on our blog landlordaccounting.com/blog/quicken-rental-property-manager-vs-quickbooks/.

1.08 Benefits of QuickBooks

QuickBooks is the number one bestselling small business accounting software in the world. It is extremely easy to use, very powerful, adaptable, loved by accountants, and it creates a multitude of detailed reports. It saves you time, money and headaches. You will be able to get the information you need out of the program through customizable reports, and efficiently enter the data through its well-

designed user interface.

1.09 My Personal Goal

I first wrote this book after our company struggled with implementing QuickBooks for residential rental properties. It is my goal that:

- You will successfully implement QuickBooks as your business accounting solution.
- You will be completely satisfied with my book and website.
- You will build a competent team of professionals.
- You will tell your partners and associates about my product if you find it useful.



If you are not satisfied with this book, let me know within 30 days of purchase and receive a complete refund. Your satisfaction is important to me.

Chapter 2: Accounting Fundamentals

2.01 Why Does a Landlord or Investor Need Accounting?

Robert Kiyosaki, author of the bestselling Rich Dad Poor Dad book series on business ownership, investing and entrepreneurship says, “Accounting is the language of business.” If you want to be the most productive, have free time away from your business, and maximize success in investing—you must master your company’s financial records and fluently speak the accounting language.

In order to best use QuickBooks one needs an understanding of the fundamentals of accounting, guidelines to insure accurate data entry (bookkeeping), and a trained accountant.

The following are goals to complete before you continue to the next chapter:

- Learn the basic accounting fundamentals.
- Start your accountant search, or already have one with real estate investing and QuickBooks experience.

If you are pressed for time, jump forward to Chapters 3, 4 and 5 for accurate data entry, but please set a calendar reminder to return here eventually. Understanding this content will make “interesting transactions” (tricky and infrequent ones you haven’t done before) easier for you, because you’ll understand the fundamentals.

2.02 The Basic Accounting Equation

There is one equation that always holds true in Accounting: Assets = Liabilities + Equity. Assets, Liabilities, and Equity are the three most fundamental types of accounts. If the Assets side of the equation increases, then the Liability + Equity side also must increase by the same amount. Many sub-accounts exist within these three types of accounts (like cash or that mortgage you keep paying).

Definition

Assets: are things that your company owns which have intrinsic monetary value. These include houses, cash, prepaid insurance, power tools, land and accounts receivable (money people or companies will pay you in the future). Put more formally, an asset is anything owned which can produce future economic benefit, whether in possession or by right to take possession, the measurement of which can be expressed in monetary terms. Assets are listed on the balance sheet. It increases with a debit.

Liabilities: involve owing something to someone or something. These include loans on property, security deposits you are holding and will likely return eventually; a tenant's prepaid rent; or accounts payable (money you will have to soon pay to suppliers, vendors, etc.) It is said, "assets put cash in your pocket, and liabilities take cash out of your pocket." Liabilities are classified as current (expected to be liquidated within a year) and non-current (expected to be paid off in over one year).

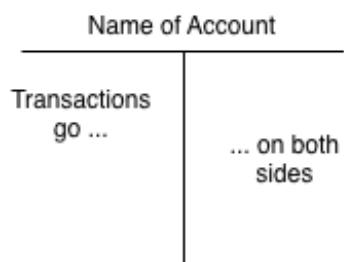
Equity: is the leftovers of all assets minus the claims on them (liabilities.) Equity includes the money owners have invested in a company (contributed capital) as well as money the company earned and has kept (retained earnings). A real estate example: owner's equity in a property is the difference between the market price of a property and the owner's mortgage debt.

The **Accounting Equation** is: Assets = Liabilities + Equity. For every transaction, the equation must balance.

2.03 What is an Account?

An account is a container to keep track of some monetary value for a business' records. You can only do two things to an account: increase or decrease its value. Every account has two sides:

- One side (left or right, it varies) used to increase what's in an account
- The other side lets you decrease what's in an account

T-Account

Accounts help you keep track of where money comes from and where it goes. When figuring out how to record a complicated transaction, it is often useful to draw accounts as a “T” shape (coined “T-Accounts”) with the name of the account on the top.

Definition



A **T-account** is a term for a visual representation of a bookkeeping account (like an account for checking, one for a tenant's security deposit, one for a property you bought, etc). The name of the account is placed above the “T” and that is why it is called a “T-account”. Drawing it visually as a “T” can make tricky transactions easier to think about.

Debit entries are on the left of the “T” and credits are shown to the right of the “T”. Keep reading and we'll make this all clear.

Beginning balance, two transactions, and an ending balance in a cash account.

Cash Account		Cash Account	
beg. balance	(-) decrease side	beg. bal. \$900	- \$200
(+) increase side		+ \$10	
ending balance		end. bal. \$710	

Depending on which type of account you are using, the side that corresponds to an increase or a decrease may switch!

Below is a cash account, it increases on the left. However, a liability account increases on the right. An explanation comes later; for now let's take a dive in with some examples.

Cash Account		Liability Account	
(+) increase side	(-) decrease side	(-) decrease side	(+) increase side
The side that (+) increases may switch for different accounts			

Remember, you can only do two things to accounts: increase or decrease their value.

For every transaction, there are at least two accounts involved. This is related to the previously mentioned Basic Accounting Equation. By involving multiple accounts, you make everything balance (Assets = Liability + Equity).

Let's pretend the fictional Moe Nebags takes out a loan for \$500 and deposits the \$500 into his checking (or cash) account. This involves two accounts: cash and liability. T-Accounts are used below to illustrate the increase in cash and in money owed.

Cash Account	Liability Account
beg. bal. \$ 0 + 500 _____ end. bal. \$500	beg. bal. \$ 0 + 500 _____ end. bal. \$500

Get a loan for \$500 and deposit the \$500 into a cash account. Two entries are needed to record the transaction.

How does this apply to QuickBooks? These directly translate to journal entries, something you will have to deal with on the more complex transactions.

Next, pretend that Moe Nebags's eccentric, healthy Aunt Betty pays him \$1000 for his secret tofu stir fry pizza recipe, which he also deposits in his cash account (the money not the pizza). He exclaims, "I just earned revenue!" so he increases his cash and revenue accounts. This is double entry accounting.

Cash Account	Revenue Account
beg. bal. \$500 + 1000 _____ end. bal. \$1500	beg. bal. \$ 0 + 1000 _____ end. bal. \$1000

Make \$1000 deposit and recognize it as income

Using his new pile of cash, he pays Aunt Crocker back the \$500 loan, and recognizes that the liability is eliminated.

Cash Account	Liability Account
beg. bal. \$1000 - 500 _____ end. bal. \$500	beg. bal. \$500 - 500 _____ end. bal. \$ 0

Pay back the loan and recognize there no longer is a liability.

Let's do one more example. You are a landlord; you charge your tenant Freddie Fasttalker \$850 for rent. He mails in a check, and you deposit it. This involves two transactions (charge him and get paid) and due to double entry accounting: four entries (two accounts are used per transaction). Let's take it step by step.

Charge Freddie for this month's rent. You charge it into an Accounts Receivable account. This is an

asset of yours which increases by \$850. It means someone owes you that much money. Revenue increases by the same amount.

Definition



Revenue Account: contains the amount of money (in a given year) a company actually receives from its activities, mostly from services and/or sale of products to customers. To investors and business owners, revenue is less important than profit, or income, which is the amount of money the business has earned after deducting all the business' expenses.

Accounts Receivable: (also called A/R) is an asset account (just like cash, or fixed assets) which contains transactions dealing with the billing of customers which owe money to your company for goods and services that have been provided to the customer (like providing a place to live). The act of billing in QuickBooks is done by creating and entering an “Invoice”.

Accounts Receivable	Revenue Account
beg. bal. \$ 0	beg. bal. \$ 0
+ 850	+ 850
end. bal. \$850	end. bal. \$850

Charge the tenant for \$850 of rent.
(Do not collect it yet.)

Notice the basic accounting equation holds true Assets = Liabilities + Equity. Assets increase by \$850 and Revenue (which is categorized under Equity) increases by \$850 as well. When Freddie pays, you deposit the money into your checking account and you decrease the amount he owes you in the Accounts Receivable account.

Checking Account	Accounts Receivable (A/R)
beg. bal. \$ 0	beg. bal. \$850
+ 850	- 850
end. bal. \$850	end. bal. \$ 0

Collect \$850 in rent from a tenant.
Renter no longer owes rent, so
decrease A/R to zero.

2.04 What is The Chart of Accounts?

The chart of accounts contains all accounts used in your business. Combined, the accounts capture all the financial information regarding your company. Each account in the chart is classified into one

of five categories: Assets, Liabilities, Equity, Income and Expenses.



Q: *Wait a minute, you just added Income and Expenses to the list of Asset, Liabilities and Equity – does that mean the accounting equation does not contain all accounts?*

Good question. The accounting equation ($\text{Assets} = \text{Liabilities} + \text{Equity}$) does contain all accounts. Income and Expenses are closed into equity at the end of a year. They decrease to zero, and if you made money and keep it in the company, you increase equity. If you made money, you could also withdraw it as an owner's draw.

You see some accounts are like a bath tub: you can look in them at any time and see how much water (or money) they contain (this includes Assets, Liabilities and Equity). Other accounts (Income and Expense) are good for a period of time. They answer the question, "How much rent did I earn this year?" So if these accounts were a bathtub, they get emptied at the end of every year. And where do they go? They get closed into the Equity account. Why do we empty them? That's just part of the accounting jungle, and it will all come together for you with practice.

Q: *So how do I close an Income and Expenses into Equity?*

Take a deep breath, when you use QuickBooks this happens automatically. QuickBooks figures out what your net income was for the year (Income minus Expenses). If you made money, the Equity account will increase; if not, it will decrease. You can of course take that increased equity right out of the company, as a draw. And remember, you're not doing this alone—right? You have an accountant.

2.05 Debits and Credits

"Debit" and "Credit" are two of the scariest words for many beginning bookkeepers. Debits occur on the left of a T-Account, and credits occur on the right. The frequent usage of Debit Cards and Credit Cards further confuses everyday language with accounting terminology. When you understand how to use Debits and Credits, they act as rules to guide you in figuring out almost any type of transaction.

Definition



A **Debit** is always on the left hand side of a "T account." Asset and Expense accounts increase in value when debited, whereas Liability, Equity, and Revenue accounts decrease in value when debited. The letters Dr. are the abbreviation for Debit. The opposite of a debit is a Credit.

A **Credit** is always on the right hand side of a "T account." Credit is abbreviated Cr. It is the opposite of a Debit.

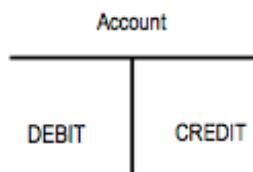
Debits are on the left and Credits are on the right. Increasing the balance in a cash account is a debit (it occurs on the left side of the T-Account.) Increasing the balance of a liability account is a credit. Turn the page back and look at the previous transactions, observing how they follow this rule.



Q: Why are debit cards called debit cards? When I use it my bank account decreases, and an asset account decreases with a credit.

A: True, your checking account decreases (credits) when you use a debit card. But that's only half of the story. For the answer, you need to look at the bank's perspective. A customer's checking account is a liability (when you want the money, the bank better give it back.) When you withdraw money that decreases the bank's liability. You can think of them paying you back some of the money they owe you. Liability accounts decrease with debits. The withdrawal of cash from a banking account is reflected on the bank's balance sheet as a debit. And that is why a debit card is a debit card.

When looking at T-Accounts, the debits are always on the left, and credits on the right. Increases or decreases vary depending on which type of account you are using.



Debits on left side, Credits on the right side, Always!

Remember reading that debits increase some types of accounts' values, and decreases others? The following chart is an incredibly helpful reference for which side (debit or credit) corresponds to an increase in account types. This is in order to make sure debits always equal credits, for all types of transactions.

Assets		=	Liabilities		+	Equity	
DEBIT	CREDIT		DEBIT	CREDIT		DEBIT	CREDIT
(+)	(-)		(-)	(+)		(-)	(+)
Keep this handy to calculate which side (debit or credit) is an increase to each of the different account types. You will use this anytime you make a Journal Entry... but more on those later.							
Retained Earnings Expenses Revenues							
DEBIT	CREDIT		DEBIT	CREDIT		DEBIT	CREDIT
(-)	(+)		(+)	(-)		(-)	(+)

This chart is enlarged on the next page.

Retained Earnings, Expenses, and Revenues are all sub-accounts under Equity. Note that the side to increase an expense is on the left (Debit), while increasing Revenue, Retained Earnings, or Equity is on the right (Credit). Expense accounts seem to have their sides flipped (the Normal Balance reversed). This kind of sub-account is known as a Contra Account.

Definition

Normal Balance is an accounting classification of an account. It refers to the side of an account which increases the account's balance. An account has either credit or debit normal balance. To increase the value of an account with normal balance of credit, credit the account. To increase the value of an account with normal balance of debit, debit it.

A **Contra Account** carries a balance that is opposite the account type's normal balance. Accumulated depreciation is a contra asset account. It's an asset account, but increasing it decreases total assets. Contra accounts act to offset the balance in the main account.

Account Debit/Credit and Increase/Decrease quick reference

Assets		=		Liabilities		+		Equity	
DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
(+)	(-)	(-)	(+)	(-)	(+)	(-)	(+)	(-)	(+)
Retained Earnings		Expenses		Revenues					
DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
(-)	(+)	(+)	(-)	(-)	(+)	(-)	(-)	(-)	(+)

Keep this handy to calculate which side (debit or credit) is an increase to each of the different account types.

This is extremely useful for Journal Entries to know which transactions need Debits and which need Credits.

Normal Balance of common accounts (the side of the account that increases its balance):

Asset: Debit
Liability: Credit
Equity: Credit
Revenue: Credit
Expense: Debit
Retained Earnings: Credit
Owner Draws: Debit

Permission is granted to photocopy this page.

2.06 Introducing the Balance Sheet

Definition



A **Balance Sheet** is a statement of the book value of a company at a particular date, usually at the end of its fiscal year. Think of it as a “snapshot” of the company’s financial condition on a given date. It answers how much the assets, liability and the equity are worth.

The balance sheet has two parts: assets and liabilities. Assets of the company include money (“in hand” or owed to it), investments (including securities and real estate), and other property. The total assets are equal to the claims for payments (liabilities).

YourCompany LLC				
Balance Sheet				
Cash Basis	As of December 31, 2005			
	♦ Dec 31, 05 ♦			
ASSETS				
Current Assets				
Checking/Savings				
1010 · Business Checking		► <u>63,315.13</u> ▲		
Total Checking/Savings		<u>63,315.13</u>		
Other Current Assets				
1040 · Start-up Assets		<u>4,000.00</u>		
Total Other Current Assets		<u>4,000.00</u>		
Total Current Assets		<u>67,315.13</u>		
Fixed Assets				
► 1300 · Real Estate Assets		159,000.00		
1999 · Accumulated Depreciation RE		<u>-5,000.00</u>		
Total Fixed Assets		<u>154,000.00</u>		
TOTAL ASSETS		<u>221,315.13</u>		
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
► 2300 · Security Deposits		<u>1,950.00</u>		
Total Other Current Liabilities		<u>1,950.00</u>		
Total Current Liabilities		<u>1,950.00</u>		
Total Liabilities		<u>1,950.00</u>		
Equity				
► 3010 · Member C. Applegate Equity		107,000.00		
► 3020 · Member W. Applegate Equity		<u>107,000.00</u>		
Net Income		<u>5,365.13</u>		
Total Equity		<u>219,365.13</u>		
TOTAL LIABILITIES & EQUITY		<u>221,315.13</u>		

2.07 Introducing the Income (P & L) Statement

Definition



An **Income (Profit and Loss) Statement** records revenue and expenses over a specified period of time. It indicates how Net Revenue, also called the “top line,” (received from the sale of services before expenses are taken out) is transformed into Net Income, or the “bottom line,” (the result after all revenues and expenses have been accounted for).

YourCompany LLC		
Profit & Loss		
Cash Basis	January through December 2005	
◊ <u>Jan - Dec 05</u> ◊		
▼ Ordinary Income/Expense		
▼ Income		
► 4100 · Rental Income	31,017.00	◀
► 4200 · Fee Income	<u>408.00</u>	
Total Income	<u>31,425.00</u>	
▼ Expense		
► 5100 · Insurance	1,796.90	
► 5200 · Interest Expense	2,111.57	
► 5300 · Repairs	3,776.78	
► 5400 · Utilities	1,393.80	
5490 · Condo Assoc Fee	1,440.00	
5700 · Advertising	120.00	
► 6200 · Taxes	3,587.82	
6600 · Yard Maintenance	450.00	
6700 · Uncollectible Rent	173.00	
► 7010 · Bank Service Charges	<u>210.00</u>	
Total Expense	<u>15,059.87</u>	
Net Ordinary Income	16,365.13	
▼ Other Income/Expense		
▼ Other Income		
4300 · Capital Gains (Loss)	<u>-11,000.00</u>	
Total Other Income	<u>-11,000.00</u>	
Net Other Income	<u>-11,000.00</u>	
Net Income	<u>5,365.13</u>	

2.08 The Sum of all Debits = the Sum of all Credits

The sum of all debits must equal the sum of all credits.

If you have to enter a transaction that this book doesn't have an example of, draw the T- Accounts and amounts involved. Try to figure out what to do, then talk to your accountant and confirm you

have the correct method. The only time you use debits and credits is in Journal Entries, if the sum of all debits does not equal the sum of all credits, there is a mistake.

Keep moving through these sections, even if you do not completely understand them. The examples that follow will get you ready to work with QuickBooks. If you are terribly confused, skip ahead to the next chapter.

2.09 What is Double-Entry Accounting?

Double-entry accounting guarantees that no matter what transactions you make, the basic accounting equation is always true:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Also, for any single transaction, the sum of all debits equals the sum of all credits.

Definition



Double Entry Accounting describes a business by a number of different accounts, each describing an aspect of the business in monetary terms. Every transaction has a dual effect in two of these accounts. For instance, buying property with cash increases fixed assets (by the property) but decreases available cash. Buying with a mortgage increases fixed assets (the property) but also increases liabilities (the mortgage).

If you followed along with last chapter's examples, you've already performed double-entry accounting. When you received a \$500 loan (\$500 credit to liabilities) and deposited \$500 in your cash account (\$500 debit to cash), you followed the principles of double-entry accounting. \$500 in debits equaled \$500 in credits.

Look in the previous chapter when you earned \$1000 for the sale of your tofu pizza recipe to Aunt Betty, see the figure "Aunt Betty 2: (corrected)." The transactions are repeated in the following table.

(Transaction #) Account	Debit	Credit	Notes
(1) cash account	\$1000 increase		Deposit into cash account
(1) revenue account		\$1000 increase	Recognize the earned revenue
(2) cash account		\$500 decrease	Decrease the cash account when paying off loan

(Transaction #) Account	Debit	Credit	Notes
(2) liability account	\$500 decrease		Recognize the elimination of the liability

Observe how there are two entries for each transaction. In this case, you increase or decrease the cash account and then recognize why that occurred. It was either earned revenue or a decrease in liabilities.

To repeat: for each transaction, the sum of debits equals the sum of credits. For transaction (1) this is $\$1000 = \1000 and for (2) $\$500 = \500 .

In more complicated entries there could be multiple debits and credits for each transaction, but in the end the sum of debits would equal the sum of credits for each transaction. For an imaginary transaction, it may be (sum of debits) $\$10 + \$190 =$ (sum of credits) $\$200$. They always equate, or there is a mistake.

Transactions are not typically written as T-Account entries, but instead in the table method as illustrated above. A table is constructed with columns of: transaction numbers, accounts, debits, credits, and any necessary notes for each transaction. This takes up less space and lets you easily sum the columns of debits and credits to verify they are equal.

2.10 Cost Basis and Adjusted Basis of Property

The adjusted basis is the current value of a property for tax purposes. It includes money you initially invested (the cost basis) as well as recent capital improvements to add value in a property (such as a new roof) minus depreciation every year. For an explanation of depreciation, see the next section.

The adjusted basis does *not* include money you spend for routine repairs or maintenance. According to [IRS Publication 551](#) and [IRS Publication 547](#) when buying real property, the basis includes:

- Legal and recording fees
- Abstract fees
- Survey charges
- Owners title insurance
- Amounts the seller owes that you agree to pay (back taxes, interest, recording/mortgage fees, charges for improvements or repairs and sales commissions)

Definition

Basis (Cost Basis) is the cost (including cash paid, debt obligations, other property or services traded, etc.) to bring a property up to the initial condition necessary for renting (i.e. rehabbing, carpet and paint). This is your starting reference number for the tax value of a property.

Adjusted Basis is the measure of your investment including additions or permanent improvements that increase the value of the property. (Depreciation deductions decrease the adjusted basis).

Caution

Remember this book is not a replacement for professional advice. Do not take any of this information as tax or legal advice. Consult with your own competent advisors.

2.11 What is Depreciation?

If you have purchased a new car before, you already have experienced depreciation. As soon as that brand new car is driven off the lot, it loses significant value (it depreciates). As you continue to drive it, time and wear and tear continue to decrease the car's value. The value of an older car is less than a new car because of depreciation.

For real estate, depreciation is a little different. First of all an older property will likely be worth more now than it was when it was first purchased because of the appreciation of property values.

Appreciation is uncertain, though and not realized until you sell. Depreciation, for our purposes, is a tax issue.

Definition

Depreciation: is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property.⁶ Typically, residential real estate is depreciated over 27.5 years in a straight line convention. Apartment buildings and commercial structures are treated differently.

Straight Line Depreciation: uses a constant amount to depreciate every year for the useful life. It is equal to the adjusted basis minus salvage value, divided by the useful life. The yearly depreciation could change if the useful life decreased or substantial investments were made in the asset to increase its adjusted basis.

Accumulated Depreciation: is the cumulative depreciation since acquisition of an asset. It is reported on the balance sheet as a reduction in the value of the related asset. The difference, asset value minus accumulated depreciation, is the asset's "carrying amount" or "book value."

See Also

The IRS has a number of friendly documents to help you understand your tax obligations better.

For an in depth treatment of the depreciation, refer to [IRS Publication 946, How To Depreciate Property](#).

For an in depth treatment of tax issues for residential rental property, refer to [IRS Publication 527, Residential Rental Property](#).

For more on the cost basis calculations see [IRS Publication 551, Basis of Assets](#)

For more on adjusted basis changes see [IRS Publication 547, Casualties, Disasters, and Thefts](#).

It is important to decide whether you will track depreciation in your QuickBooks file. There are pros and cons in doing this. Much depends on how your accountant wants you to keep the books (the file). The sample file gives an example of tracking depreciation. If you plan to sell a property or your entire company, knowing the current adjusted tax basis of assets in a few clicks will help you determine tax consequences.

Your accountant will be doing the yearly depreciation calculations, and may give you spreadsheets showing the current tax basis. Every year, he or she will probably enter end of year transactions (including depreciation expense) into QuickBooks.

As you make capital improvements to properties, record them to the property's account as an increase, a debit. Then your books will reflect the amount of money you have invested in each property. More specific examples with screenshots will follow.

Caution

This book is not a replacement for an accountant or an attorney. None of this book is intended to be done without the aid of your competent team of experts, including accountants, attorneys and other advisors.

Your accountant may be aggressive at saving you taxes by expensing things that the IRS advises you to capitalize. Some court cases suggest one can get away with expensing many costs, however do your own research and make an informed decision.

Please talk with your accountant as you embark on QuickBooks. Ask him or her which costs you should capitalize and expense. Knowing this as you enter transactions will save time and unnecessary complications.

Quick Tip

If you want to know what the IRS thinks about rentals, read [IRS Publication 527](#), Residential Rental Property.

2.12 What are Capital Improvements versus Repairs?

Caution

Have a conversation with your accountant about what he or she wants you to capitalize and what to expense. This is a grey area due to court rulings in which owners expensed some things (and got away with it) the IRS suggests one capitalize. Do your own homework and talk to your accountant.

Routine maintenance and repairs are not treated the same as capital improvements. This becomes very important when you enter the transactions into QuickBooks. Repairs go into QuickBooks one way (as expenses), while capital improvements go in another way (as increases to the value of your real estate assets). The following definitions are from IRS publication 527.

Definition

Repairs keep your property in good operating condition. They do not materially add to the value of your property or substantially prolong its life. Repainting your property inside or out, fixing gutters or floors, fixing leaks, plastering, and replacing broken windows are examples of repairs. If you make repairs as part of an extensive remodeling or restoration of your property, the whole job is an improvement. For instance, in a large rehab project if you repaint the walls (typically this is a repair) it is an improvement.

Capital Improvements add to the value of property, prolong its useful life, or adapt it to new uses. If you make an improvement to property, the cost of the improvement must be capitalized. The capitalized cost can generally be depreciated as if the improvement were separate property.

The following Frequently Asked Questions are taken from the IRS' website. The questions were current at time of publication. I suggest you ask your accountant the same questions. It will help you learn how aggressive he or she is.



Q: Question: We have incurred costs for substantial work on our residential rental property. We replaced the roof with all new materials, replaced all the gutters, replaced all the windows and doors, replaced the furnace, and painted the property's exteriors. What are the IRS rules concerning depreciation?

(This question comes from the IRS [here](#), always check with your accountant for updated information as tax rules change.)

A: Replacements of the entire roof and all the gutters, and all windows and doors of your residential rental property:

- Are generally restorations to your building property because they are replacements of major components or substantial structural parts of the building structure. As a result, these replacements are capital improvements to the residential rental property.
- Are in the same class of property as the residential rental property to which they are attached.
- Are generally depreciated over a recovery period of 27.5 years using the straight line method of depreciation and a mid-month convention as residential rental property.

Repainting the exterior of your residential rental property:

- By itself, the cost of painting the exterior of a building is generally a currently deductible repair expense because merely painting is not an improvement under the capitalization rules.
- However, if the painting directly benefits or is incurred as part of a larger project that is a capital improvement to the building structure, then the cost of the painting is considered part of the capital improvement and is subject to capitalization.
- In this case, the painting is incurred as part of the overall restoration of the building structure. Therefore, the repainting costs are part of the capital improvements and should be capitalized and depreciated as the same class of property that was restored, as discussed above.

Replacement of the furnace in your residential rental property:

- Is generally a restoration to your building property because it is for the replacement of a major component or substantial structural part of the building's HVAC system. Therefore, the furnace replacement is a capital improvement to your residential rental property.
- As with the restoration costs discussed above, these costs are in the same class of property as the residential rental property to which the furnace is attached.
- Is generally depreciated over a recovery period of 27.5 years using the straight line method of depreciation and a mid-month convention as residential rental property.

Note: A taxpayer whose average annual gross receipts is less than or equal to \$10,000,000 may elect to not capitalize amounts paid for repairs, maintenance, or

improvements of certain eligible building property if the total amounts paid during the taxable year for such activities do not exceed certain dollar limitations. For more information, see Safe Harbor Election for Small Taxpayers in [Tangible Property Regulations - Frequently Asked Questions](#).

2.13 Cash Accounting, not Accrual

Two methods exist in tracking income and expenses. Each can be recognized as they are earned/incurred (accrual method), or recognize them as they are actually deposited/paid (cash accounting). Cash accounting is used in this book.

Definition



Accrual Accounting records financial events in the period they are incurred. Even if cash is not received or paid in a transaction, they are recorded because they are significant to the future income and cash flow of the company.

If you record an income event on the day rent is due, and not when it is received, that is accrual accounting.

Cash Accounting records financial events based on cash flow. Revenue is recognized when cash is received and expense is recognized when cash is paid.

The distinctions appear if you incurred an expense (i.e. were billed) at the end of December, but did not pay until the 5th of January. Accrual accounting would recognize the expense and enter an accounts payable entry in the previous year but not reduce your cash and liability account until January. Cash accounting lumps those two transactions into one, reducing cash and recognizing the expense on January 5th.

Quick Tip



The Cash Accounting principle is used in all examples that follow.

Chapter 3: QuickBooks Fundamentals

3.01 Install QuickBooks

Make sure you get the Pro version, which has added features from the lower end versions and integrates nicely with Word and Excel. You do not need anything more expensive than Pro. Install the software according to the instructions included.

If you have the online edition, Intuit allows you to import your desktop data as many times as you wish within the first 30 days of signing up. So, import the sample company file and play around with it, but then disregard it and create a new file, or import the template company file. After 30 days of using the online edition, contact Intuit support for importing a company file.

The sample files are from QuickBooks 2014 Pro. You can buy a previous year's QuickBooks Pro version on eBay, if you're under a tight budget. Do not buy something too old, because only the newest few years allow you to directly connect to your banks.

Quick Tip



Generally speaking, do not do the EasyStep interview. I have a data file ([Landlord Accounting Company Sample – with data.QBW](#)) that I will walk you through instead, and then you can try with a blank template file I prepared for you with your own company ([Landlord Accounting Company Template – no data.QBW](#))

It can be helpful to play around with QuickBooks and do the interview. This helps you see what kind of options you can adjust.

If you already have a company file, that is fine too. You can alter it to have many of the same settings, lists, items, reports, and accounts that are in the sample template.

3.02 Open a Sample Data File

Skip the EasyStep interview; you will use a sample data file I provide for you. This way, more things will be set up for real estate investors.

Quick Tip

Included with this guide are two data files:

- **Landlord Accounting Company Sample – with data.QBW** this file contains all the sample transactions used in this training manual. Open it up and follow along.
- **Landlord Accounting Company Template – no data.QBW** this file is ready for you to customize for your own company. All transactions are removed, but some accounts, etc. are still in there as a reminder for you.

Play with these without fear, you can redownload them later, or create your own backup copies locally first. When ready to start, rename the template to your company's name.

3.03 Credentials if Prompted for User Name and Password

QuickBooks 2017

If you open the 2017 files, there is now a password required. The username is still **Admin** and the password is **coMp1ex**. Note the password has the number one in it (not an I or L). Type this carefully, and contact us if you are having trouble.

All Prior Years' Versions

When opening prior years' sample company files, if you are prompted to enter a User Name and Password, type **Admin** and leave the password blank.



3.04 Transactions in the Sample File

YourCompany, LLC is in the file **Landlord Accounting Company Sample – with data.QBW**.

The goal of this is to show you realistic examples of using QuickBooks by a realistic landlording business.

It has two owners (members) and no employees. The members work, pay for things with their own money, and get reimbursed. The members pay themselves through owners' equity draw accounts. Whether your company has employees or not, the transactions included will illustrate how to use QuickBooks for landlording.

The imaginary company was formed Jan 1, 2005 and contains one year's worth of transactions. End of year tax transactions vary among companies and are not included. (Remember you'll need to show reports for "All Dates" because otherwise these historical transactions will not show up in the default "This Fiscal Year" view).



Q: I used to be a sole proprietorship and would like to retroactively enter prior years transactions into QuickBooks to analyze my performance. Is that possible?

A: This is possible by creating a few "pseudo-" accounts for checking, property, and other assets owned in the prior years. Enter transactions as usual for those years, however be sure to have them all zeroed out when the real company starts. For instance, **1001 – Pseudo Business Checking** would be used prior to the company's formation (and transactions would be entered as they occurred in past years). When the real company starts, all pseudo accounts must carry zero balances and may be made "inactive."

There are 4 properties in the sample company file:

- Single family home (123 Main St.)
- Single family home (1610 N. Andrews)
- Condominium rented to three separately paying tenants (320 Baker #721)
- Multiunit with units A and B (3304 Covenant)

Quick Tip



All transactions in the sample data file are listed below for your reference. Debit (Dr.) or Credit (Cr.) is listed next to each amount for reference. It is as a courtesy for people who find it helpful. If you do not completely understand debits and credits, hang in there. You can still use QuickBooks – and understanding will come with time.

The up (\uparrow) or down (\downarrow) arrow preceding the amount indicates if the transaction acts to increase or decrease the balance of the account. It does not affect how you enter the transaction into QuickBooks. Enter all amounts without a sign (as positive) unless explicitly told otherwise (such as in some refunds of security deposits).

Quick Tip

When you open the sample company file, the transactions are entered in the years 2005. This means you'll need to set reports' date ranges to "All."

The following sections will illustrate what exactly all the transactions are that were entered into the sample company. You can use this to quickly find a sample when you are trying to figure out how to enter a transaction yourself.

Transactions for the sample company YourCompany LLC

This category is for general “corporate” transactions that are not directly associated with a property.

Date(s)	Description	Account and Amount	Txn Method
Jan. 1, 2005	Money is loaned to the company for startup expenses from the owners (a husband and wife)	1040 – Startup Assets ↑ \$4000 Debit (Dr.) 2010 – Due to Partner CLA ↑ \$2000 Credit (Cr.) 2011 – Due to Partner WGA ↑ \$2000 Cr.	Journal Entry (JE) #1
Jan. 1	Company is “officially formed”	n/a	n/a
Jan. 1	Cash is contributed to the company from the owners.	1010 – Business Checking ↑ \$160,000 (Dr.) 3313 – Member CLA Investments ↑ \$80,000 (Cr.) 3023 – Member WGA Investments ↑ \$80,000 (Cr.)	JE #2
* Note: Talk to your attorney and accountant on how to handle contributions. The contribution here is only an example to give the company enough money to buy 3304 Covenant and 123 Main with cash.			
Jan. 1	Company buys 123 Main	See below	See below
Jan. 1	Company buys 1610 N Andrews	See below	See below
Jan. 1	The company buys 3304 Covenant from the partners	See below	See below
* Note: this transaction has been simplified to make it an example. Other fees and transactions would probably be added by your accountant.			
Jan. 1	Owners contribute 320 Baker Apt 721 condo unit to the company.	See below	See below
* Note: if you want to “contribute” a property you own as a person to your company – you must deal with complicated tax and legal issues. Talk to your accountant and attorney.			

Date(s)	Description	Account and Amount	Txn Method
Jan. 1	Insurance "umbrella liability" policy premium is paid.	1010 – Business Checking ↓ \$589.90 (Cr.) 5130 – Liability Insurance ↑ \$589.90 (Dr.)	Check #1003
Jan. 10 onwards monthly	Wireless phone bill paid for owners' phones	1010 – Business Checking ↓ \$89.40 (Cr.) 5440 – Telephone (Expense) ↑ \$89.40 (Dr.)	Check #1007, 1014, 1026, 1031, 1038, 1043, 1050, 1059, 1067, 1073, 1082, 1088
Feb. 13	Pay back owners for amount loaned for startup costs.	2010 – Due to Partner CLA ↓ \$2000 (Dr.) 1010 – Business Checking ↓ \$2000 (Cr.) 2011 – Due to Partner WGA ↓ \$2000 (Dr.) 1010 – Business Checking ↓ \$2000 (Cr.)	Check #1016 Check #1017

*Talk to your accountant and attorney, you may need/want to pay interest on this "loan"

Feb. 25	Reimburse partners the money owed for rehabbing (both for 3304 and 1610)	2010 – Due to Partner CLA ↓ \$11,500 (Dr.) 1010 – Business Checking ↓ \$11,500 (Cr.) 2011 – Due to Partner WGA ↓ \$13,500 (Dr.) 1010 – Business Checking ↓ \$13,500 (Cr.)	Check #1024 Check #1025
July 20	Make offer to purchase 1010 Washington	1030 – Earnest Money Paid ↑ \$1000 (Dr.) 1010 – Business Checking ↓ \$1000 (Cr.)	Check #1057
July 25	Offer rejected. Receive check back.	1010 – Business Checking ↑ \$1000 (Dr.) 1030 – Earnest Money Paid ↓ \$1000 (Cr.)	Make Deposit
Sept. 15	Sell 123 Main for a gain	See below	See below
Nov. 18	Sell 1610 N Andrews for a loss	See below	See below
Nov. 20	The owners take a draw (to pay themselves)	3011 – Member CLA Draws ↑ \$5000 (Dr.) 1010 – Business Checking ↓ \$5000 (Cr.) 3021 – Member WGA Draws ↑ \$5000 (Dr.) 1010 – Business Checking ↓ \$5000 (Cr.)	Check #1185 Check #1186

Transactions related to 123 Main St

This is a single family home purchased and rented. Again, this is all in the sample company file.

Date(s)	Description	Account and Amount	Txn Method
Feb. 15, 2005	Closing. Purchase with a cashiers check for \$50,000. The property was already rented (to Brad). Receive the security deposit (\$775) and prorated rent for the month (\$360) paid outside of closing.	1301 – 123 Main St ↑ \$50,000.00 (Dr.) 7012 – Check Fee ↑ \$5 (Dr.) 1010 – Business Checking (to bank) ↓ \$50,005 (Cr.) 1010 – Business Checking ↑ \$775 (Dr.) 2305 – Robbins,Brad[123Main] ↑ \$775 (Cr.) 1200 – Accounts Receivable ↑ \$360 (Dr.) 4100 – Rental Income ↑ \$360 (Cr.) 1010 – Business Checking ↑ \$360 (Dr.) 1200 – Accounts Receivable ↓ \$360 (Cr.)	Check #1018 Make Deposit Invoice #1006 Receive Payments
Feb. 15	Pay yearly insurance premium	5110 – Property Insurance ↑ \$268 (Dr.) 1010 – Business Checking ↓ \$268 (Cr.)	Check #1019
Feb. 15	Set up property as a Customer and tenant as a Job, invoice the tenant and memorize the invoice.	n/a	n/a
Mar. 1	Invoice tenant for rent due (\$775)	1200 – Accounts Receivable ↑ \$775 (Dr.) 4100 – Rental Income ↑ \$775 (Cr.)	Invoice #1011
Mar. 2	Receive Payment from tenant in full	1010 – Business Checking ↑ \$775 (Dr.) 1200 – Accounts Receivable ↓ \$775 (Cr.)	Receive Payments
Apr. 1, May 1, June 1, July 1	Invoice tenant for rent due	1200 – Accounts Receivable ↑ \$775 (Dr.) 4100 – Rental Income ↑ \$775 (Cr.)	Invoice #1018, 1028, 1034, 1042, & 1051
Apr. 2, May 3, June 4, July 1	Receive Payment from tenant in full	1010 – Business Checking ↑ \$775 (Dr.) 1200 – Accounts Receivable ↓ \$775 (Cr.)	Receive Payments

Date(s)	Description	Account and Amount	Txn Method
Apr. 5	Tenant has a party and puts a large hole in the wall, the owner repairs it and pays for supplies with personal funds, the company will reimburse him and invoice the tenant for damages (\$100) and mail a statement. The fee income will be offset by the repairs cost.	5310 – Building Repairs ↑ \$85.35 (Dr.) 2010 – Due to Partner WGA ↑ \$85.35 (Cr.) 2011 – Due to Partner WGA ↓ \$85.35 (Dr.) 1008 – Business Checking ↓ \$85.35 (Cr.) 1200 – Accounts Receivable ↑ \$100.00 (Dr.) 4250 – Repair Fee Income ↑ \$100.00 (Cr.)	JE #8 Check #1030 Invoice #1014
Apr. 9	Tenant pays for damages	1010 – Business Checking ↑ \$100.00 (Dr.) 1200 – Accounts Receivable ↓ \$100.00 (Cr.)	Receive Payments
Apr. 27	Property taxes are paid (1st of 2 installments)	6230 – Property ↑ \$364.37 (Dr.) 1010 – Business Checking ↓ \$364.37 (Cr.)	Check #1036
	* Note some communities pay property taxes in "arrears," or the year after they were incurred. For the sake of simplicity, taxes are paid for all properties.		
Aug. 1	Invoice tenant for rent due	1200 – Accounts Receivable ↑ \$775 (Dr.) 4100 – Rental Income ↑ \$775 (Cr.)	Invoice #1051
Aug. 5	Assess late fee	1200 – Accounts Receivable ↑ \$25 (Dr.) 4220 – Late Fee Income ↑ \$25 (Cr.)	Invoice #FC 2
Aug. 8	Receive rent and late fee	1010 – Business Checking ↑ \$800 (Dr.) 1200 – Accounts Receivable ↓ \$800 (Cr.)	Receive Payments
Sept. 1	Invoice tenant for rent due	1200 – Accounts Receivable ↑ \$775 (Dr.) 4100 – Rental Income ↑ \$775 (Cr.)	Invoice #1061
Sept. 1	Receive Payment from tenant in full	1010 – Business Checking ↑ \$775 (Dr.) 1200 – Accounts Receivable ↓ \$775 (Cr.)	Receive Payments
Sept. 15	Closing. Sell property for \$52,000. Include security property in sales price. Pay buyer prorated rent for Sept.	1010 – Business Checking ↑ \$52,000 (Dr.) 1303 – 123 Main St ↓ \$50,000 (Cr.) 4300 – Capital Gains (Loss) ↑ \$2,000 (Cr.) 2305 – Robbins,Brad[123Main] ↓ \$775 (Dr.) 4100 – Rental Income ↓ \$338 (Dr.) 1010 – Business Checking ↓ \$1113 (Cr.)	Make Deposits Check #1070 (paid outside of closing)
	* Note in a real closing, you may not receive the full sales price in cash. There may be transaction costs that would offset the amount you deposited into checking. To account for those costs, you would add them as lines in the Journal Entry.		

Date(s)	Description	Account and Amount	Txn Method
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Transactions related to 1610 N. Andrews

This is another single family home.

Date(s)	Description	Account and Amount	Txn Method
Jan. 1, 2005	Make offer to purchase property, pay \$1000 in earnest money	1030 – Earnest Money Paid ↑ \$1000 (Dr.) 1010 – Business Checking ↓ \$1000 (Cr.)	Check #1001
Jan. 3	Offer accepted	n/a	n/a
Jan. 18	Closing. Purchase for \$32,000. Mortgage is for \$28,500, 9% APR, 15 years, \$308.07 is due the 18th of every month, including \$18 in PMI	1302 – 1610 N Andrews ↑ \$2500 (Dr.) 7116 – Check Fee ↑ \$5 (Dr.) 1010 – Business Checking ↓ \$2505 (Cr.) 1302 – 1610 N Andrews ↑ \$29,500 (Dr.) 2201 – Mtg 1610NAndrews ↑ \$28,500 (Cr.) 1030 – Earnest Money Paid ↓ \$1000 (Cr.)"	Check #1010 JE #4
Jan. 18	Pay yearly insurance premium	5110 – Property Insurance ↑ \$255 (Dr.) 1010 – Business Checking ↓ \$255 (Cr.)	Check #1011
Jan. 4 to Feb. 20	Rehab the property (J.E. on 2/20)	1302 – 1610 N. Andrews ↑ \$10,000 (Dr.) 2010 – Due to Partner CLA ↑ \$6450 (Cr.) 2011 – Due to Partner WGA ↑ \$3550 (Cr.)	JE #5
Feb. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$75.32 (Dr.) 5220 – Loan Interest ↑ \$213.75 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1015
Feb. 16	Advertise in newspaper and online	5700 – Advertising ↑ \$40 (Dr.) 1010 – Business Checking ↓ \$40 (Cr.)	Check # 1020
Feb. 21	Pay utilities for 1610 while not rented	5410 – Gas ↑ \$245 (Dr.) 1010 – Business Checking ↓ \$245 (Cr.) 5430 – Electric ↑ \$76 (Dr.) 1010 – Business Checking ↓ \$76 (Cr.)"	Check # 1022 Check # 1023

Date(s)	Description	Account and Amount	Txn Method
Feb. 22	Show property to potential tenant (Audrey) and accept “deposit to hold” for \$100	1010 – Business Checking ↑ \$100 (Dr.) 2040 – Deposit to Hold (Liability) ↑ \$100 (Cr.)	Make Deposit
Mar. 1	Audrey signs 1 year lease and makes security deposit (\$500 payment now, combined with previous \$100 held)	1010 – Business Checking ↑ \$500 (Dr.) 2306 – Gold,Audrey[1610NAndrews] ↑ \$500 (Cr.) 2040 – Deposit to Hold (Liability) ↓ \$100 (Dr.) 2306 – Gold,Audrey[1610NAndrews] ↑ \$100 (Cr.)	Make Deposits JE #6
Mar. 1	Invoice tenant for rent due	1200 – Accounts Receivable ↑ \$600 (Dr.) 4100 – Rental Income ↑ \$600 (Cr.)	Invoice #1012
Mar. 1	Memorize Invoice to automatically enter the 1st of every month	n/a	n/a
Mar. 2	Receive Payment from tenant in full	1010 – Business Checking ↑ \$600 (Dr.) 1200 – Accounts Receivable ↓ \$600 (Cr.)	Receive Payments
Mar. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$75.88 (Dr.) 5220 – Loan Interest ↑ \$213.19 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1027
Apr. 1	Invoice for rent due	1200 – Accounts Receivable ↑ \$600 (Dr.) 4100 – Rental Income ↑ \$600 (Cr.)	Invoice #1017
Apr. 1	Receive rent due	1010 – Business Checking ↑ \$600 (Dr.) 1200 – Accounts Receivable ↓ \$600 (Cr.)	Receive Payments
Apr. 5	Bank notifies you Audrey's rent check bounced. Cancel out her payment, charge a NSF fee, and a late fee to increase her amount due. Also enter the NSF fee the bank charged your company.	1200 – Accounts Receivable ↑ \$650 (Dr.) 4230 – NSF Check Fee Income ↑ \$25 (Cr.) 4220 – Late Fee Income ↑ \$25 (Cr.) 1010 – Business Checking ↓ \$600 (Cr.) 7105 – NSF Bank Charge ↑ \$20 (Dr.) 1010 – Business Checking ↓ \$20 (Cr.)	Invoice #1025 JE #7
Apr. 10	Receive partial rent payment	1010 – Business Checking ↑ \$450 (Dr.) 1200 – Accounts Receivable ↓ \$450 (Cr.)	Receive Payments

Date(s)	Description	Account and Amount	Txn Method
Apr. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$76.45 (Dr.) 5220 – Loan Interest ↑ \$212.62 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1032
Apr. 20	Receive remaining rent payment	1010 – Business Checking ↑ \$200 (Dr.) 1200 – Accounts Receivable ↓ \$200 (Cr.)	Receive Payments
Apr. 27	Property taxes are paid (first of two installments)	6230 – Property Taxes ↑ \$468 (Dr.) 1010 – Business Checking ↓ \$468 (Cr.)	Check #1034
May 1, June 1, July 1, Aug 1, Sept 1, Oct 1, Nov 1	Invoice for rent due	1200 – Accounts Receivable ↑ \$600 (Dr.) 4100 – Rental Income ↑ \$600 (Cr.)	Invoice #1029, 1035, 1043, 1052, 1062, 1076, 1079
May 1, June 1, July 1, Aug 1, Sept 1, Oct 1, Nov 1	Receive rent due	1010 – Business Checking ↑ \$600 (Dr.) 1200 – Accounts Receivable ↓ \$600 (Cr.)	Receive Payments
May 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$77.03 (Dr.) 5220 – Loan Interest ↑ \$212.04 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1039
Jun. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$77.61 (Dr.) 5220 – Loan Interest ↑ \$211.46 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1044
Jul. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$78.19 (Dr.) 5220 – Loan Interest ↑ \$210.88 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1052
Aug. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$78.77 (Dr.) 5220 – Loan Interest ↑ \$210.30 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1060

Date(s)	Description	Account and Amount	Txn Method
Sept. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$79.36 (Dr.) 5220 – Loan Interest ↑ \$209.71 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1068
May 15 & 30 to Sept. 15 & 30	Pay Yard Care Co. for mowing lawn	6600 – Yard Maintenance ↑ \$45 (Dr.) 1010 – Business Checking ↓ \$45 (Cr.)	Check #1040, 1042, 1047, 1049, 1053, 1058, 1061, 1064, 1069, 1072
Oct. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$79.96 (Dr.) 5220 – Loan Interest ↑ \$209.11 (Dr.) 7013 – PMI Fee ↓ \$307.07 (Cr.) 1010 – Business Checking ↑ \$18 (Dr.)	Check #1074
Nov. 5	Property taxes are paid (second installment)	6230 – Property Taxes ↑ \$468 (Dr.) 1010 – Business Checking ↓ \$468 (Cr.)	Check #1080
Nov. 12	Mortgage payment	2201 – Mtg 1610NAndrews ↓ \$80.56 (Dr.) 5220 – Loan Interest ↑ \$208.51 (Dr.) 7013 – PMI Fee ↑ \$18 (Dr.) 1010 – Business Checking ↓ \$307.07 (Cr.)	Check #1083
Nov. 18	Closing. Sell the property for \$29,900 (a loss). Transfer the security deposit to the buyer.	2201 – Mtg 1610NAndrews ↓ \$27,720.87 (Dr.) 4300 – Capital Gains (Loss) ↓ 13000 (Dr.) 1010 – Business Checking ↑ 1279.13 (Dr.) 1302 – 1610 N Andrews ↓ \$42,000 (Cr.) 2306 – Gold,Audrey[1610NAndrews] ↓ \$600 (Dr.) 1010 – Business Checking ↓ \$600 (Cr.)	Make Deposits Check #1084
	* Note the memorized transaction was deleted so that when you open the file it does not ask you if you want to enter memorized transactions. In a real situation, you would keep the memorized transaction and you would approve QuickBooks to enter it for you.		

Transactions related to 320 Baker (Condo Unit)

This example property is in a condo and has multiple separately paying tenants.

Date(s)	Description	Account and Amount	Txn Method
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Date(s)	Description	Account and Amount	Txn Method
Jan. 1, 2005	Owners contribute 320 Baker Apt 721 condo unit to the company (see 4.09 Contribute Properties with Accumulated Depreciation)	1304 – 320 Baker #721 ↑ \$69,000 (Dr.) 1999 – Accumulated Depreciation RE ↑ \$5000 (Cr.) 3013 – Member CLA Investments ↑ \$32,000 (Cr.) 3023 – Member WGA Investments ↑ \$32,000 (Cr.)	JE #2
	* Talk to your attorney and accountant on how to handle contributions. This contribution is a fictional example to illustrate a Journal Entry and get a property into the books so rent can be collected and other transactions can be handled.		
Jan. 1	Pay yearly insurance premium	5110 – Property Insurance ↑ \$325 (Dr.) 1010 – Business Checking ↓ \$325 (Cr.)	Check #1004
Jan. 8	Property is vacant and minor repairs are done before renting.	5310 – Building Repairs ↑ \$386 (Dr.) 1010 – Business Checking ↓ \$386 (Cr.)	Check #1006
Jan. 15	Property is vacant and minor repairs are done before renting.	5310 – Building Repairs ↑ \$229 (Dr.) 1010 – Business Checking ↓ \$229 (Cr.)	Check #1008
Jan. 20	Advertise in newspaper and online	5700 – Advertising ↑ \$40 (Dr.) 1010 – Business Checking ↓ \$40 (Cr.)	Check #1012
Jan. 20 ongoing monthly	Condominium Association membership fees (\$120 monthly)	5490 – Condo Assoc Fee ↑ \$120 (Dr.) 1010 – Business Checking ↓ \$120 (Cr.)	Check #1013, 1021, 1028, 1033, 1041, 1048, 1056, 1063, 1071, 1076, 1087, 1089
Feb. 1	Three tenants (Ernesto, Mike and Joe) move in with separate \$300 security deposits and 1 year leases	1010 – Business Checking ↑ \$900 (Dr.) 2302 – Ortiz,Ernesto[320Baker#721] ↑ \$300 (Cr.) 2303 – Kesey,Mike[320Baker#721] ↑ \$300 (Cr.) 2304 – Flannery,Joe[320Baker#721] ↑ \$300 (Cr.)	Make Deposits

Date(s)	Description	Account and Amount	Txn Method
Feb. 1 to Aug 1	Auto Invoice for rent due	1200 – Accounts Receivable (Ernesto) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Mike) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Joe) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.)	Invoice # 1003, 1008, 1019, 1030, 1036, 1045, 1054 Invoice #1004, 1009, 1020, 1031, 1037, 1046, 1055 Invoice #1005, 1010, 1021, 1032, 1038, 1044, 1053
Feb. 1	Memorize Invoice to automatically enter the 1st of every month	n/a	n/a
Feb 1 to Aug 1	All three renters pay on time	1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Ernesto) ↓ \$265 (Cr.) 1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Mike) ↓ \$265 (Cr.) 1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Joe) ↓ \$265 (Cr.)	Receive Payments Receive Payments Receive Payments Receive Payments
Apr. 27	Property taxes are paid (first of two installments)	6230 – Property Tax Expense ↑ \$553 (Dr.) 1010 – Business Checking ↓ \$553 (Cr.)	Check #1035
July 18	Dishwasher and cabinets need repair due to water leak (\$180 to Appliance Repair Inc., and \$200 to Miller Cabinets)	5310 – Building Repairs ↑ \$380 (Dr.) 1010 – Business Checking ↑ \$380 (Dr.) 1010 – Business Checking ↓ \$180 (Cr.) ↓ \$200 (Cr.)	Check #1054, 1055
Sept. 1	Auto Invoice for rent due	1200 – Accounts Receivable (Ernesto) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Mike) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Joe) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.)	Invoice #1064 Invoice #1065 Invoice #1063

Date(s)	Description	Account and Amount	Txn Method
Sept. 1	Mike and Ernesto pay rent	1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Ernesto) ↓ \$265 (Cr.) 1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Mike) ↓ \$265 (Cr.)	Make Deposits Make Deposits
Sept. 5	Assess late fee (\$25) for Joe.	1200 – Accounts Receivable (Joe) ↑ \$25 (Dr.) 4100 – Late Fee Income ↑ \$25 (Cr.)	Invoice #FC 3
Sept. 7	<p>Joe moves out and is never heard from again.</p> <p>He is invoiced with the item “Tenant responsible repairs.”</p> <p>A journal entry depletes his security deposit for his last month’s rent, late fees, and \$10 of the repairs.</p> <p>Receive payments, using the Set Credits button to recognize the use of the Security Deposit.</p> <p>Journal Entry to recognize remaining A/R for Joe as Uncollectible Rent.</p> <p>Joe is made “inactive” in Customer:Job list and his memorized transaction is deleted.</p>	<p>5310 – Building Repairs ↑ \$153 (Dr.) 5340 – Cleaning Expense ↑ \$30 (Dr.) 1010 – Business Checking ↓ \$183 (Cr.)</p> <p>1200 – Accounts Receivable (Joe) ↑ \$183 (Dr.) 4250 – Repair Fee Income ↑ \$183 (Cr.)</p> <p>2304 – Flannery,Joe[320Baker#721] ↓ \$300 (Dr.) 1200 – Accounts Receivable (Joe) ↓ \$300 (Cr.)</p> <p>No actual transactions, just receive payments so \$300 of his bills are marked “Paid.”</p> <p>6700 – Uncollectible Rent ↓ \$173 (Dr.) 1200 – Accounts Receivable (Joe) ↓ \$173 (Cr.)</p>	Check #1065 Invoice #1068 JE #10 Receive Payments JE #11 n/a
Sept. 10	New tenant (Sarah) moves in and pays security deposit and first month’s partial rent in one check.	<p>1200 – Accounts Receivable (Sarah) ↑ \$175 (Dr.) 4100 – Rental Income ↑ \$175 (Cr.)</p> <p>1010 – Business Checking ↑ \$475 (Dr.) 2309 – Phillips,Sarah[320Baker#721] ↑ \$300 (Cr.) 1200 – Accounts Receivable (Sarah) ↓ \$175 (Cr.)</p>	Invoice #1069 Make Deposits Receive payments

Date(s)	Description	Account and Amount	Txn Method
Oct. 1	Invoice Sarah for rent	1200 – Accounts Receivable (Sarah) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.)	Invoice #1070
Oct. 1	Memorize Sarah's invoice to automatically enter the 1st of every month	n/a	n/a
Oct. 1	Auto Invoice Mike and Ernesto for rent due	1200 – Accounts Receivable (Ernesto) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Mike) ↑ \$265 (Cr.) 4100 – Rental Income ↑ \$265 (Dr.) ↑ \$265 (Cr.)	Invoice #1071 Invoice #1072
Sept. 2, Nov. 2, Dec. 2	Mike, Ernesto and Sarah pay rent	1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Ernesto) ↓ \$265 (Cr.) 1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Mike) ↓ \$265 (Cr.) 1010 – Business Checking ↑ \$265 (Dr.) 1200 – Accounts Receivable (Sarah) ↓ \$265 (Cr.)	Receive Payments Receive Payments Receive Payments
Nov. 1, Dec. 1	Auto Invoice Sarah, Mike and Ernesto for rent due	1200 – Accounts Receivable (Sarah) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Ernesto) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.) 1200 – Accounts Receivable (Mike) ↑ \$265 (Dr.) 4100 – Rental Income ↑ \$265 (Cr.)	Invoice #1080, 1087 Invoice #1081, 1088 Invoice #1082, 1089
Nov. 5	Property taxes are paid (second installment)	6230 – Property Tax Expense ↑ \$451 (Dr.) 1010 – Business Checking ↓ \$451 (Cr.)	Check #1079
	* Note the memorized transaction was deleted so that when you open the file it does not ask you if you want to enter memorized transactions. In a real situation, you would keep the memorized transaction and you would approve QuickBooks to enter it for you.		

Transactions related to 3304 Covenant

This is a multiunit home that has a unit A and B.

Date(s)	Description	Account and Amount	Txn Method

Date(s)	Description	Account and Amount	Txn Method
Jan. 1, 2005	The company buys 3304 Covenant from the partners, filing all appropriate deeds, titles, etc with necessary agencies.	1303 – 3304 Covenant (Real Estate) ↑ \$75,000 (Dr.) 1010 – Business Checking ↓ \$75,600 (Cr.)	Check #1002
	* Note: your transaction will vary with taxes, fees, or local regulations.		
Jan. 1	Pay yearly insurance premium	5110 – Property Insurance ↑ \$359 (Dr.) 1010 – Business Checking ↓ \$359 (Cr.)	Check #1005
Jan. 1	Unit A tenants (Kristen and Jake) are a couple who already live there and have jointly paid a security deposit	1010 – Business Checking ↑ \$600 (Dr.) 2301 – Lee,Kristen&Jake[3304ACov...] ↑ \$600 (Cr.)	Make Deposits
	* Note: in the example, the security deposit was paid to the company by the owners as terms to the sale.		
Jan. 1	Unit B is vacant	n/a	n/a
Jan. 15 to Mar. 31	Unit B is renovated (\$15,000 in capital improvements, \$2000 in repairs)	1303 – 3304 Covenant ↑ \$15,000 (Dr.) 2010 – Due to Partner CLA ↑ \$5050 (Cr.) 2011 – Due to Partner WGA ↑ \$9950 (Cr.) 5310 – Building Repairs ↑ \$2000 (Dr.) 1010 – Business Checking ↓ \$2000 (Cr.)	JE # 3 Check #1009
	* Note: in a real company, there would likely be many small checks written, and several Journal Entries updating what is owed to owners. * Caution: check with your accountant on what is a capital improvement versus a repair; these numbers are arbitrary for the example.		
Jan. 1 Feb. 1, Mar. 1, Apr. 1, May 1, Jun. 1, Jul. 1, Aug. 1, Sep. 1, Oct. 1, Nov. 1, Dec. 1	Invoice Unit A tenants for rent due First invoice customer Lee,Kristen&Jake[A] until Kristen moves out in July, then invoice customer Lee,Jake[A]	1200 – Accounts Receivable (Unit A) ↑ \$600 (Dr.) 4100 – Rental Income ↑ \$600 (Cr.)	Invoice #1001, 1002, 1007, 1023, 1027, 1039, 1047, 1056, 1066, 1073, 1083, 1090

Date(s)	Description	Account and Amount	Txn Method
Jan. 1	Memorize Unit A's rent invoice to automatically enter the 1st of every month	n/a	n/a
Jan. 1 to June 1	Unit A tenants pay on time	1010 – Business Checking ↑ \$600 (Dr.) 1200 – Accounts Receivable ↓ \$600 (Cr.)	Receive Payments
Feb. 25	Pay back owners for 3304 Covenant rehabbing reimbursable expenses	2010 – Due to Partner CLA ↓ \$5050 (Dr.) 1010 – Business Checking ↓ \$5050 (Cr.) 2011 – Due to Partner WGA ↓ \$9950 (Dr.) 1010 – Business Checking ↓ \$9950 (Cr.)	Check #1024 Check #1025
Mar. 20	Advertise in newspaper and online	5700 – Advertising Expense ↑ \$40 (Dr.) 1010 – Business Checking ↓ \$40 (Cr.)	Check #1029
Apr. 1	New tenant (Jessica) moves in Unit B and pays security deposit	1010 – Business Checking ↑ \$450 (Dr.) 2307 – Keating,Jessica[3304BCov...] ↑ \$450 (Cr.)	Make Deposits
Apr. 1	Invoice Jessica for rent	1200 – Accounts Receivable ↑ \$450 (Dr.) 4100 – Rental Income ↑ \$450 (Cr.)	Invoice #1015
Apr. 1	Jessica pays April's rent and prepays nine months of rent	1010 – Business Checking ↑ \$450 (Dr.) 1200 – Accounts Receivable ↓ \$450 (Cr.) 1010 – Business Checking ↑ \$4050 (Dr.) 4100 – Rent Income ↑ \$4050 (Cr.) Issue Jessica a Credit Memo for 8 months of rent.	Receive Payments Make Deposits Credit Memo #1016
Apr. 27	Property taxes are paid (first of two installments)	6230 – Property Tax Expense ↑ \$451 (Dr.) 1010 – Business Checking ↓ \$451 (Cr.)	Check # 1037
May 1, June 1, July 1, Aug. 1, Sept. 1, Oct. 1, Nov. 1, Dec. 1	Invoice Jessica (Unit B) for rent	No transactions occur (because Cash Accounting recognized all the income on Apr. 1st). The Credit Memo is decreased monthly by the posting of a new invoice.	Invoice #1026, 1040, 1048, 1057, 1067, 1074, 1084, 1091

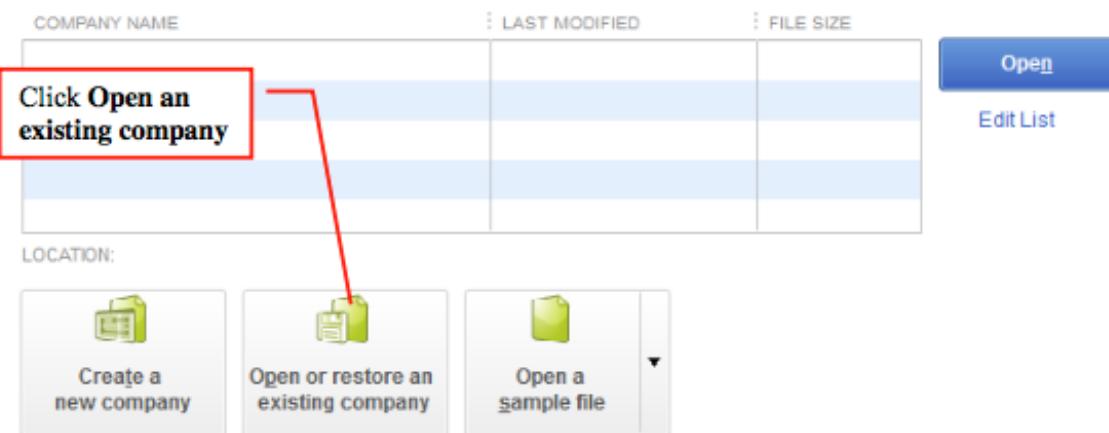
Date(s)	Description	Account and Amount	Txn Method
May 1, June 1, July 1, Aug. 1, Sept. 1, Oct. 1, Nov. 1, Dec. 1	Receive payments, use "Set Credits" button instead of having an amount. This decreases the credit created on her prepayment.	n/a	Receive Payments
June 15	The couple in Unit A breaks up and Kristen leaves, receiving her half of the security deposit (less cleaning charge). Create a new account for Jake only and transfer his half into it.	5310 – Building Repairs ↑ \$13.43 (Dr.) 1010 – Business Checking ↓ \$13.43 (Cr.) 2301 – Lee,Kristen&Jake[3304ACov... ↓ \$600 (Dr.) 2308 – Lee,Jake[3304ACovenant] ↑ \$300 (Cr.) 1010 – Business Checking ↓ \$275 (Cr.) 4250 – Repair Fee Income ↑ \$25 (Cr.)	Check #1045 Check #1046
June 15	Jake stays and pays her security deposit amount.	1010 – Business Checking ↑ \$300 (Dr.) 2308 – Lee,Jake[3304ACovenant] ↑ \$300 (Cr.)	Make Deposits
Jul. 1	Delete existing memorized txn for Kristen and Jake, make their job inactive, make a new Job and invoice for Jake and memorize it	1200 – Accounts Receivable (Unit A) ↑ \$600 (Dr.) 4100 – Rental Income ↑ \$600 (Cr.)	Invoice # 1047, 1056, 1066, 1073, 1083, 1090
Jul. 1 to Dec. 1	Unit A tenant (Jake) pays on time	1010 – Business Checking ↑ \$600 (Dr.) 1200 – Accounts Receivable ↓ \$600 (Cr.)	Receive Payments
Sept. 8	The common area of this duplex needs repairs (use CAM class for tracking in QuickBooks)	5310 – Building Repairs ↑ \$500 (Dr.) 1010 – Business Checking ↓ \$500 (Cr.)	Check #1066
Nov. 5	Property Taxes are paid (second installment)	6230 – Property Tax Expense ↑ \$832.45 (Dr.) 1010 – Business Checking ↓ \$832.45 (Cr.)	Check #1081

Date(s)	Description	Account and Amount	Txn Method
	* Note the memorized transaction was deleted so that when you open the file it does not ask you if you want to enter memorized transactions. In a real situation, you would keep the memorized transaction and you would approve QuickBooks to enter it for you.		

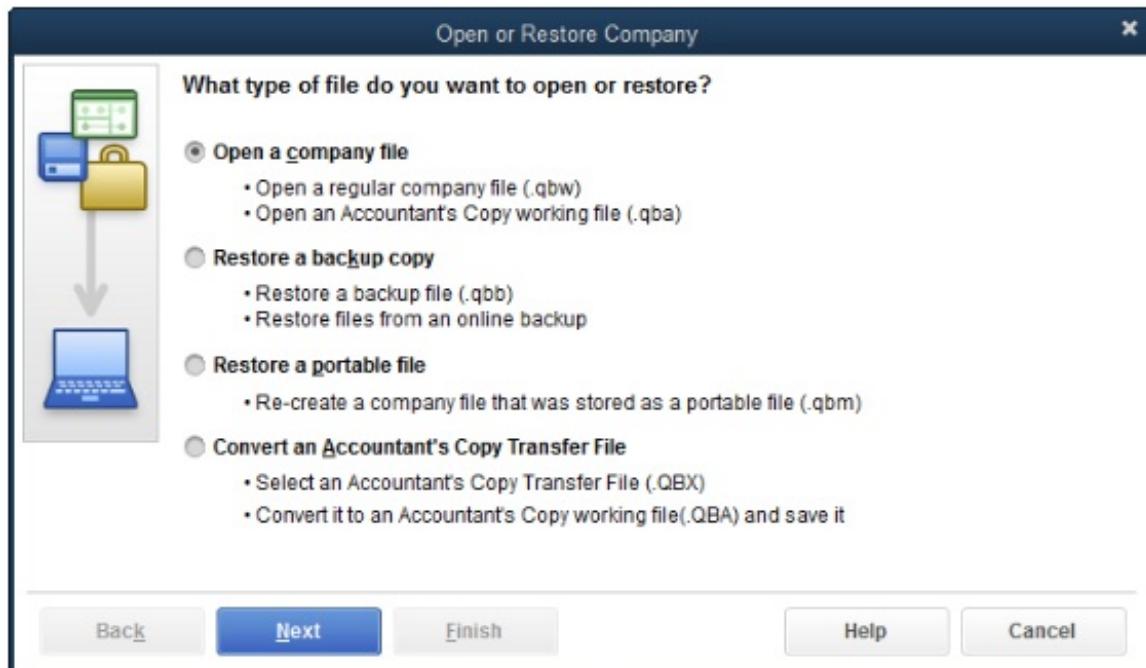
If possible, read this chapter with the sample file open on your computer. This will significantly help you master QuickBooks.

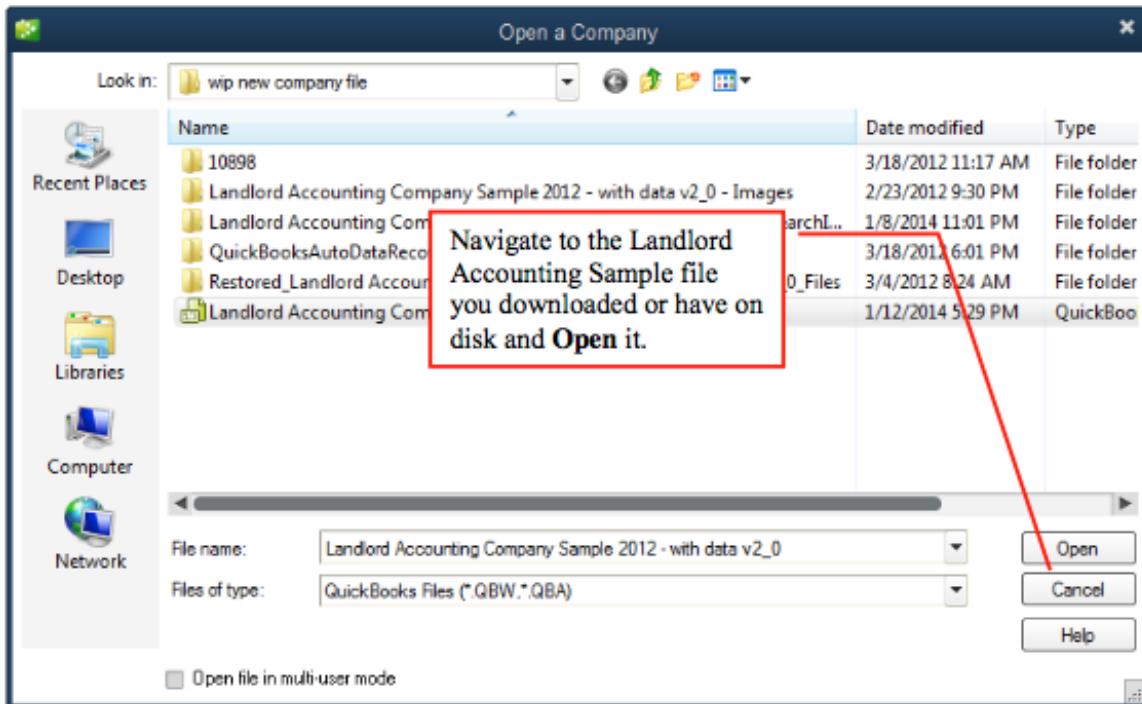
No Company Open

Select a company that you've previously opened and click Open



Assuming you already downloaded the files that came along with this book, leave the radio button selected on Open a company file (it has a ".QBW" extension).





Make sure you open the one with data, not the blank template. Later on when you are ready to work on your own books, use the template file and fill it with your information.

Regarding passwords:

- If using QB 2017 and prompted for a password use **Admin** and **coMp1ex**. Note the number one in there, not the letter L or I.
- If using QB 2016 or earlier and prompted for a User Name and Password, use “Admin” and leave the password blank.



See also: [3.35 Suggested Approach to Starting Your Company File](#) for how to open a blank data file and begin entering your company's information in it.

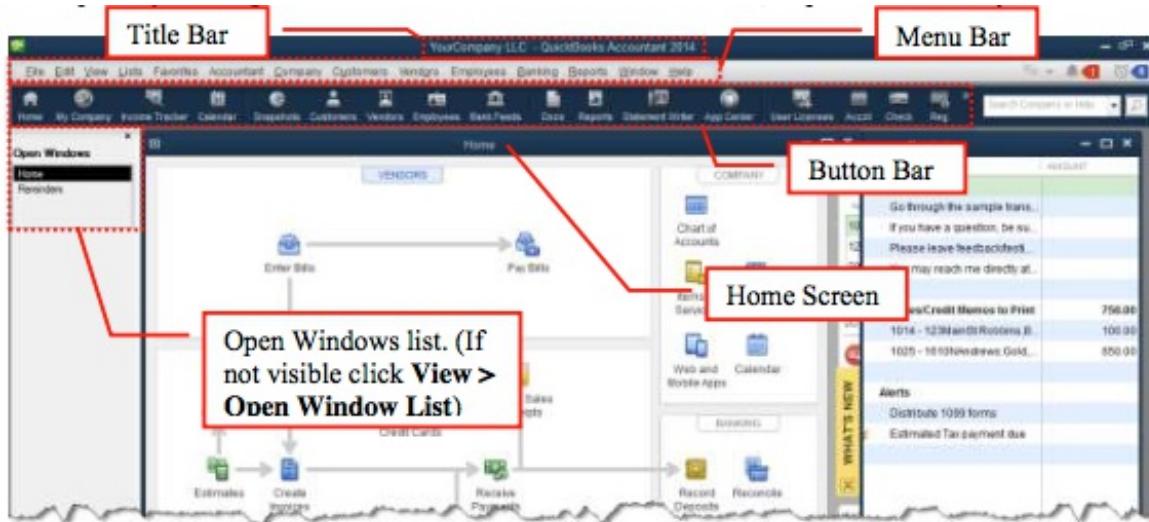
3.05 Introduction to the QuickBooks Environment

This section can be skipped by people familiar with using QuickBooks. The main QuickBooks user interface has the following elements:

- Title bar with the name of your currently open company file
- Menu bar with commands such as File, Edit, View, etc.
- Button bar with buttons to common functions
- Open Windows list on the left side panel.

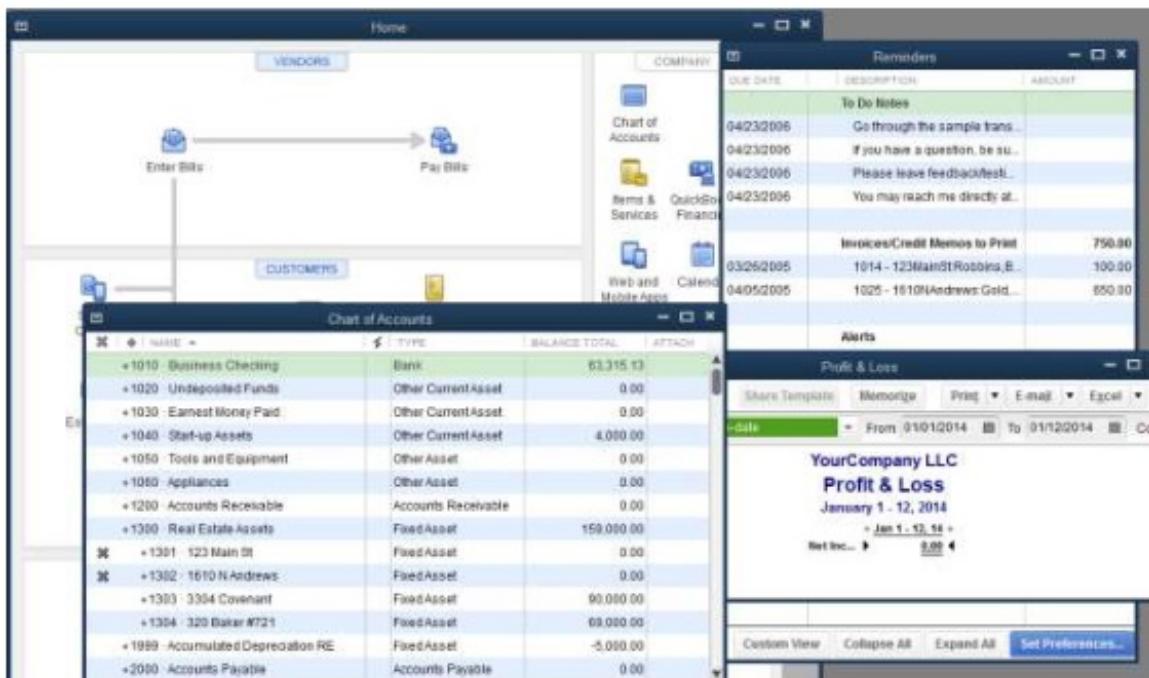
- Frequently, there will be a large window in the middle, such as the Company Navigator below.

The Home screen is the default large window that appears when you open everything up. There also may be more windows in the workspace. You can close a window in the workspace by clicking the close X button in each window's corner, or press the **Esc** key.



Also, you can choose to see one window at a time, or multiple windows. Change it by clicking **View > One Window**, or **View > Multiple Windows**.

Below you can see multiple windows in the workspace. I often have many windows open, and then maximize one while I am working on it.





Q: I used the template file, but it still shows YourCompany LLC in the title bar. Help!

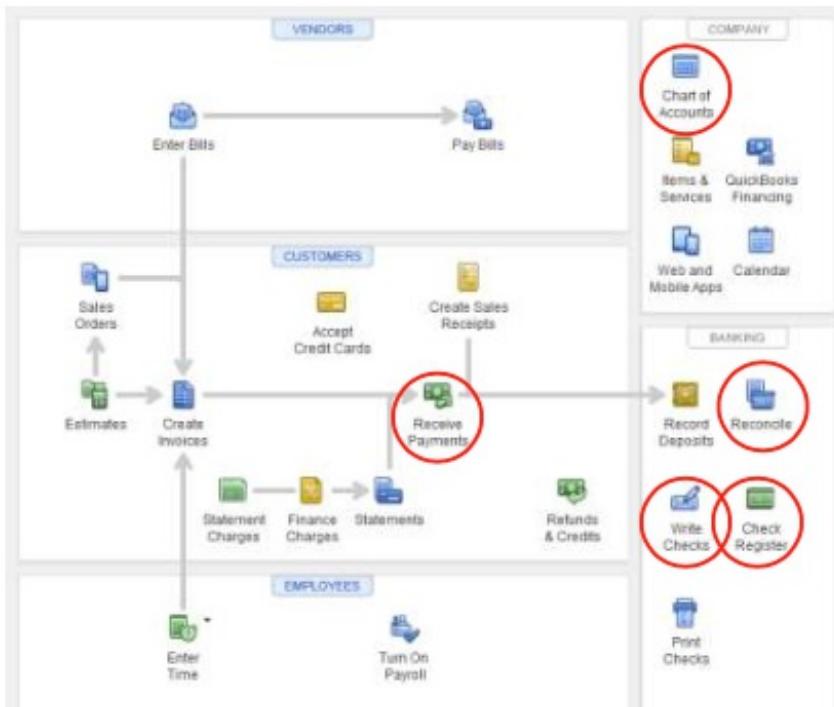
A: Click in the Menu Bar **Company > My Company**, then change **Company Name**.



When you get started you also may want to rename the **Landlord Accounting Company Template – no data.QBW** data file to your company name. If you want to rename a file after using it, that's fine, just create a backup first for safety.

Within the Home Screen, you'll see the following sections.

- Vendors – these are the people your company pays for services rendered.
- Customers – tenants' rent payments are created with an Invoice, and then you receive payments when they pay.
- Employees – your company may or may not have any. If you have a 1099 vendor, it goes under Vendors, above.
- Company – basic information about the company. The Chart of Accounts is crucial. Remember the shortcut to open it up, **Ctrl-A**.
- Banking – after receiving payments, you record them with your bank, and reconcile statements.



With that introduction, let's have a whirlwind tour of the rest of QuickBooks using the sample file you already opened. In subsequent chapters, I will get into more details for using QuickBooks with respect to Property Tasks, Tenant Tasks, Company Management Tasks, and Reporting Tasks.

QuickBooks is designed for hundreds of different types of businesses, so it has a lot more features than we will ever use. I'll carefully show you what you need to know to use it as a landlord or property manager.

Where to get Help

If at any time you want to learn more about a specific window, QuickBooks has an excellent integrated help. Click **Help > QuickBooks Help** or one of the other Help options. There also is a search section of the window in the workspace's title bar.



Pressing the **F1** key (above the number 1 or 2 keys on your keyboard) also often brings up window specific help.

3.06 Properties are “Customers” in the “Customer Center”

In order to set up QuickBooks for the most versatility in reporting, an individual property is called a

“Customer” and a tenant is a “Job” attached to that property. For new users of QuickBooks, this may be confusing. Hang in five minutes and you’ll understand.

Open the Customer Center in the sample company file. In the Menu bar, click **Customers > Customer Center** (or press **Ctrl+J**).



If you have not opened the sample data file, see [3.02 Open a Sample Data File](#) for instructions and where to find it.

Sarah Philips is a tenant at 320 Baker, unit 721, who currently owes \$0. There are three other tenants in that apartment unit. Each property is a customer, and jobs are attached representing tenants. This creates organization and helps for creating a rent roll.

The screenshot shows the QuickBooks Customer Center window. On the left, the 'Customer & Job' list displays several entries:

- "123MainSt" is a customer, and the address of a property.
- Sarah Philips is a tenant that currently lives in 320Baker#721.
- If a tenant currently had rent due, it would appear here.
- These tenants live at 3304 Covenant.

JOB INFORMATION

Job Name: Phillips
Customer Name: 320Baker#721
Job Status: None
Bill To: Sarah Phillips
320 Baker #721

Transactions

Type	Date	Description	Amount
Invoice	1003	09/10/2005	1200 Accounts Receivable
Payment	1504	09/10/2005	1020 Undeposited Funds
Invoice	1070	10/01/2005	
Payment	1515	10/01/2005	
Invoice	1080	11/01/2005	
Payment		11/01/2005	1010 Business Checking

All of Sarah's transactions are listed here.

Used by permission. QuickBooks is a registered trademark of Intuit Inc.

This is a great place to look at a tenant’s transactions. Remember, you will need to always enter their Customer:Job name in all relevant transactions. If you create a Journal Entry changing a tenant’s account balance, they must be the first line item in the Journal Entry.

Caution

In journal entries for tenants (where they are chosen as the Customer:Job of a transaction), you must have their name on the first line item.

The Customer and Vendor Centers filter for the first line (known as the source) of a journal entry. If the Accounts Payable or Accounts Receivable account is not on the first line of the journal entry and the first line of the journal entry does not contain the name of the customer or vendor, the journal entry will not show up in the Customer or Vendor Center.

To fix a transaction that does not show up in the Customer Center, find the journal entry and edit the A/R or A/P line item with the customer or vendor name to the first line of the journal entry.

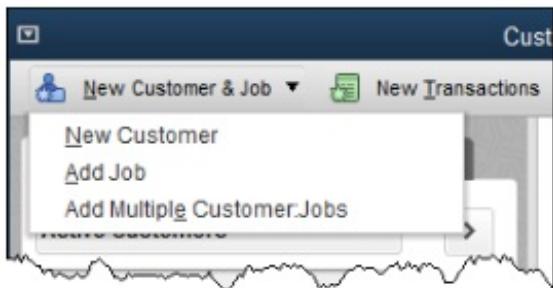
The list can also show past tenants or properties. Rather than deleting old tenants (jobs), you mark them as inactive. Below, you can see Joe Flannery (with the X on the left) was a former tenant in 320Baker#721.

A screenshot of the QuickBooks Customer & Jobs list. The interface shows two tabs at the top: 'Customers & Jobs' (selected) and 'Transactions'. Below is a search bar and a dropdown menu set to 'All Customers'. The main area displays a table of customer records:

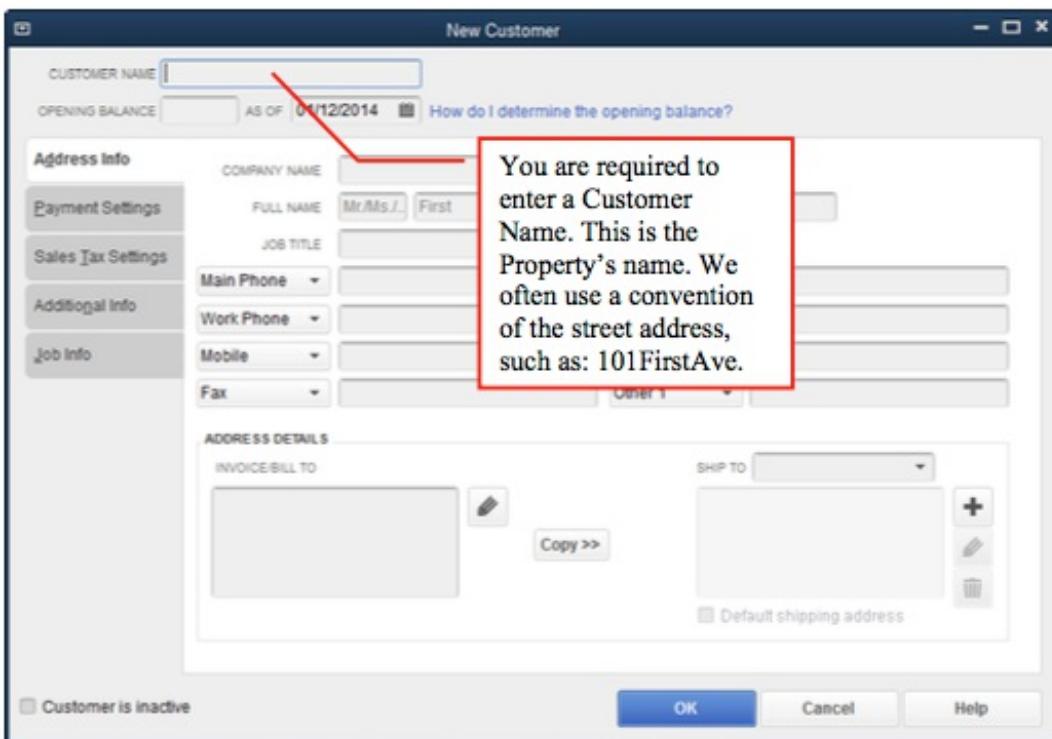
X	NAME	BALANCE	ATT...
	+ 123MainSt	0.00	
	+ Robbins.Brad	0.00	
	+ 1610NAndrews	0.00	
	+ Gold.Audrey	0.00	
	+ 320Baker#721	0.00	
	+ Phillips.Sarah	0.00	
X	+ Flannery.Joe	0.00	
	+ Ortiz.Ernesto	0.00	
	+ Kesey.Mike	0.00	
	+ 3304Covenant	0.00	
	+ Lee.Jake[A]	0.00	
	+ Keating.Jes...	0.00	
X	+ Lee.Kristen&...	0.00	

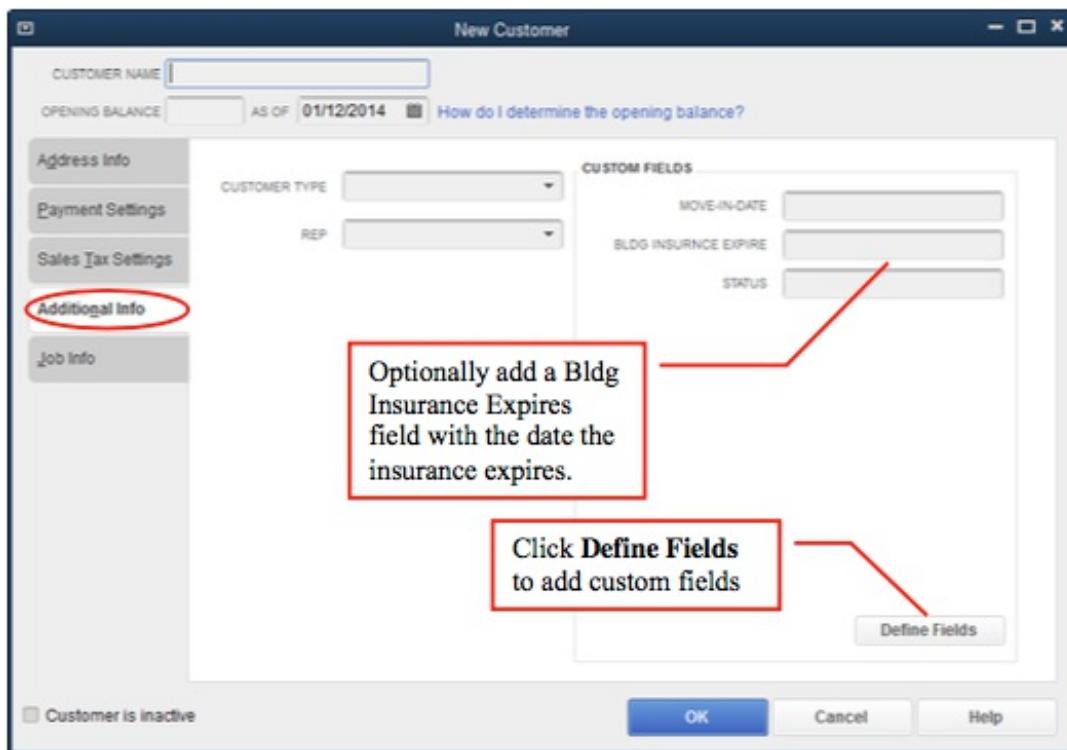
A red arrow points from the 'All Customers' dropdown to a callout box containing the text: 'This selects all tenants, including the inactive ones.'

More customers (properties) are added by clicking **New Customer & Job** in the Customer Center (or press **Ctrl+N**). You can always open the customer center with the Customers button.



Then, you fill in the information for a new customer. There are several tabs you can click and then enter more information.





Please keep in mind properties owned by the company also need to be added as assets in the Chart of Accounts. We will show you how to enter those soon.



You can Define Fields to add additional information to properties “Customer” information (such as tracking insurance expiration). See section [6.02 Define Fields for Customers and Jobs](#).

Quick Tip

If you have a lot of tenants to add at once, you can use the following feature in QB Pro: “Add/Edit Multiple List Entries”.

Add/Edit Multiple List Entries

Manage your customer, vendor, and item lists all in one place. Paste from Excel to quickly add new or edit existing entries. Access this option under **Lists > Add/Edit Multiple List Entries**.



Q: Is it possible to simplify this and make a tenant a customer and forget all these “jobs?”

A: Yes, however you will not be able to glance at the Customer Center and associate properties with who has an outstanding balance this month. Creating jobs for tenants also makes it easy to connect each tenant with their property when making tenant reports (i.e. of phone numbers, rent due dates, or move-in dates).

Q: It seems like a lot of extra work to create all the properties in the Customer list, and then put tenants under each property.

A: The extra effort makes for better reporting. If tenants were listed as customers, it would be less simple to associate each with a property. Also with this setup, upon opening the Customer Center, you immediately have a rent roll with renters sorted by property listing currently outstanding balances.

3.07 Tenants are “Jobs” in the “Customer Center”

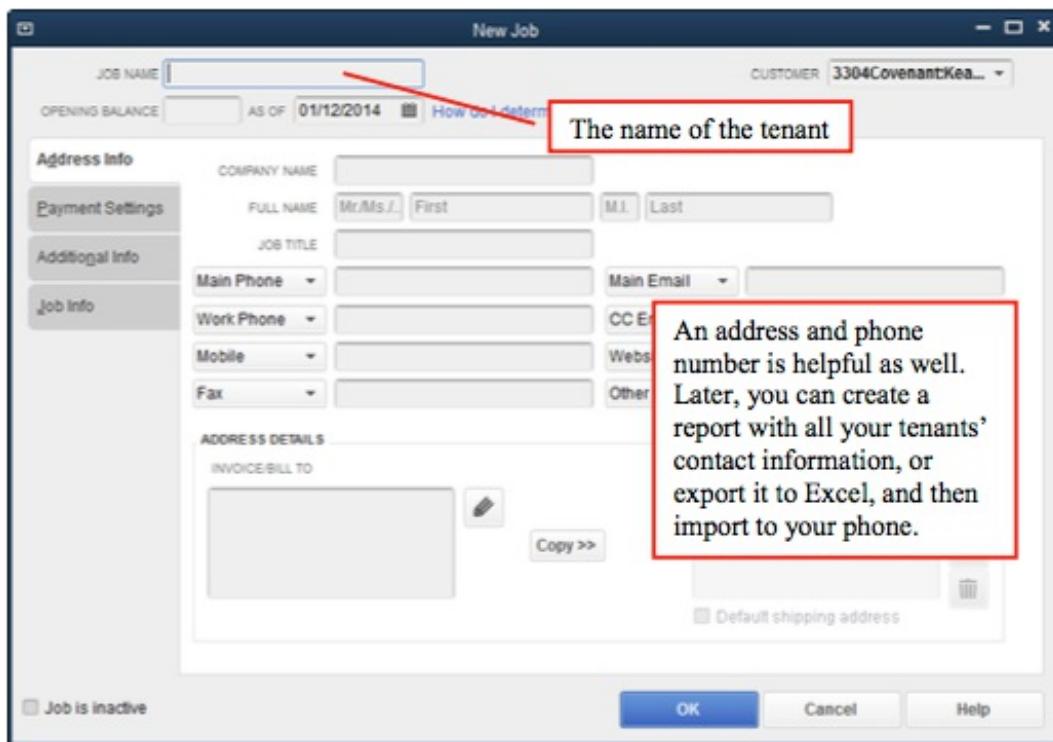
For organization, properties are “Customers” and tenants go in as “Jobs” under their respective “Customer.” In single family homes, there is one job. In multi-units, multiple jobs are created. Examples of both are in the sample data file. In 123 Main there is one resident. 3304 Covenant is a

duplex. To indicate each apartment, each tenant's name ends in their respective unit number, but you could also have sub-jobs per unit, and sub-sub-jobs for the tenant.

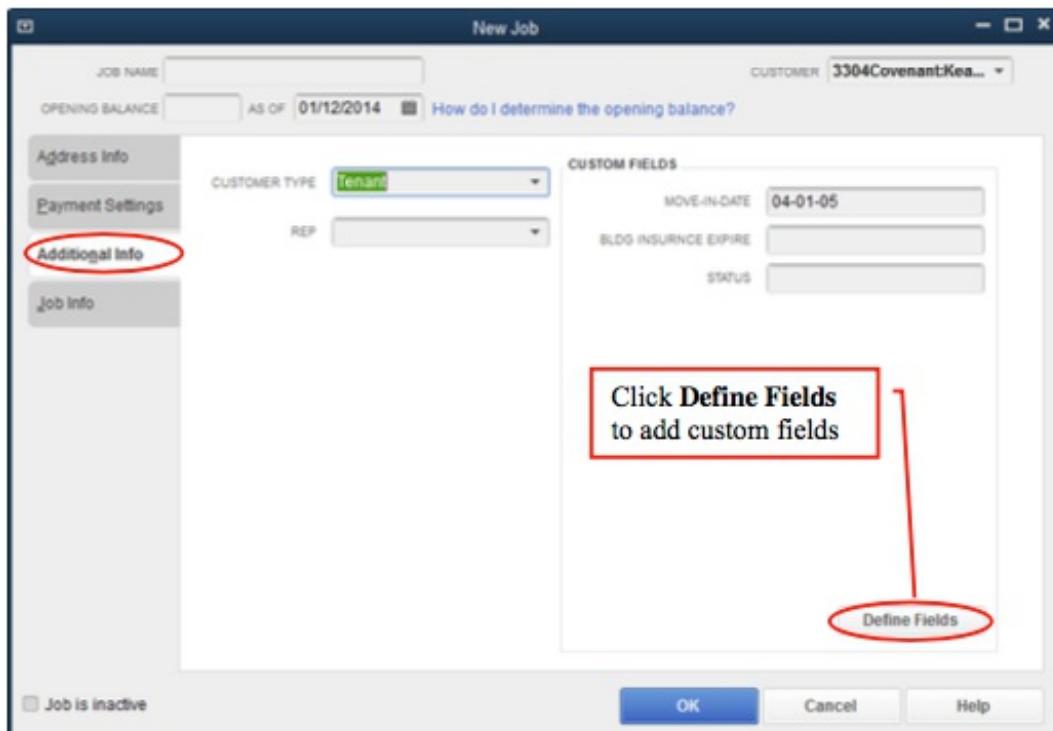
The screenshot shows the 'Customers & Jobs' screen in QuickBooks. The 'Transactions' tab is selected. A dropdown menu shows 'All Customers'. The main list displays various tenants under different properties. A red circle highlights the entry for '320Baker#721', which is expanded to show sub-jobs for 'Phillips, Sarah' and 'Flannery, Joe'. A red box contains the text: 'QuickBooks calls these jobs under a customer. For us, they are tenants organized under a property.' A red arrow points from the text box to the circled entry.

X	NAME	BALANC...	AT...
X	♦ 123MainSt	0.00	
X	♦ Robbins,Brad	0.00	
X	♦ 1610NAndrews	0.00	
X	♦ Gold,Audrey	0.00	
	♦ 320Baker#721	0.00	
	♦ Phillips,Sarah	0.00	
X	♦ Flannery,Joe	0.00	
	♦ Ortiz,Ernesto	0.00	
	♦ Kesey,Mike	0.00	
	♦ 3304Covenant	0.00	
	♦ Lee,Jake[A]	0.00	
	♦ Keating,Jessica[B]	0.00	
X	♦ Lee,Kristen&Jake[A]	0.00	

Jobs are added by highlighting the customer (property) and clicking the Customer button and **New Customer & Job > Add Job**. Fill in the necessary fields.



If you want to have a handy way to reference the move in dates of all tenants, click the **Additional Info** tab and define a field as “move-in-date.” Enter each tenant’s move in date. You can generate a report then of all tenants’ move in dates.



See Also

For more information about a report of tenants' move in dates and defining custom fields, please refer to section [7.17 Tenant Move-In-Date and Contact Information Report](#). Hopefully you can see the flexibility you have to track various types of property and tenant attributes in Customers and Jobs. You do not need to use all of these techniques, but as your company grows, it will probably be useful to use more and more of them.

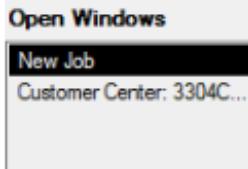
As tenants move out, set them as an inactive job (in the Customer Center list right click on the job—the tenant—and choose **Make Customer:Job Inactive**).

Close the Customer Center window.

Quick Tip

There are three ways to close a window:

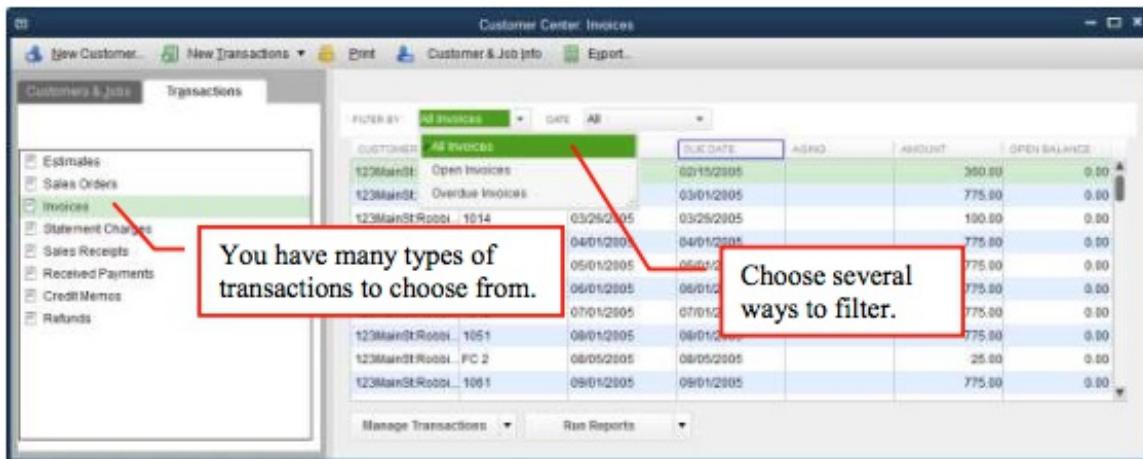
1. Click the “X” close window icon in the window’s corner
2. When a window is the active window, press the **Esc** key.
3. In the Open Windows list in the Navigation Sidebar, click the window you want to close and press the **Esc** key.

**See Also**

For more information about Jobs, please refer to section [5.01 Add a Tenant to a Property](#).

3.08 Transactions in the Customer Center

There is a second tab in the Customer Center called Transactions. This allows you to quickly filter for certain types of transactions, and monitor what is happening with tenants.



3.09 Every Account is in the “Chart of Accounts”

In QuickBooks, whenever you spend or earn money, it is tracked in at least two accounts at the same time (due to double entry accounting). There are four methods to view a list of all accounts: in the Menu Bar click **Lists > Chart of Accounts**, use the keyboard shortcut **Ctrl+A**, or click the following icon on the Button Bar.

For the sample data file, the Chart of Accounts is as follows (see next page).

You can see the current balance of some accounts by looking in the “Balance” column of the Chart of Accounts. Income and Expense accounts do not have a register and thus do not have a balance.

If you want to add a new account, click the button **Account > New** or press **Ctrl+N**.

Double clicking on one of the accounts typically opens it up. Also try Right clicking on different accounts and looking at the contextual menu that appears.

See Also



If you have an existing company file, you can import the chart of accounts from the template with the **chart_of_accounts.IIF** file included with the kit. However, first open that file in Excel to see what the accounts are. You can delete the ones you do not want to import. Import it with **File > Utilities > Import > IIF...** and browse to the file.

NAME	TYPE	BALANCE TOTAL
+1010 - Business Checking	Bank	60,721.13
+1020 - Undeposited Funds	Other Current Asset	1,425.00
+1030 - Earnest Money Paid	Other Current Asset	-1,000.00
+1040 - Start-up Assets	Other Current Asset	8,000.00
+1050 - Tools and Equipment	Other Asset	0.00
+1060 - Appliances	Other Asset	0.00
+1200 - Accounts Receivable	Accounts Receivable	-2,252.00
+12100 - Inventory Asset	Other Current Asset	0.00
+1300 - Real Estate Assets	Fixed Asset	208,599.00
+1301 - 123 Main St	Fixed Asset	0.00
+1302 - 1610 N Andrews	Fixed Asset	0.00
+1303 - 3304 Covenant	Fixed Asset	90,000.00
+1304 - 320 Baker #721	Fixed Asset	69,000.00
+1305 - 1 Northcrest Ave	Fixed Asset	0.00
+1307 - Sample Ave	Fixed Asset	0.00
+1309 - AddressOfProperty	Fixed Asset	0.00
+1999 - Accumulated Depreciation RE	Fixed Asset	0.00
+2000 - Accounts Payable	Accounts Payable	0.00
+2010 - Due to Partner C. Applegate	Other Current Liability	0.00
+2011 - Due to Partner W. Applegate	Other Current Liability	0.00
+2030 - Due to Other Person	Other Current Liability	0.00
+2040 - Deposit to Hold	Other Current Liability	0.00
+2050 - Payroll Liabilities	Other Current Liability	0.00
+2280 - Mortgages RE	Long Term Liability	0.00
+2281 - Mtg 1 Northcrest	Long Term Liability	0.00
+2282 - Mtg 1610NAndrews	Long Term Liability	0.00
+2283 - AddressOfProperty	Long Term Liability	0.00
+2287 - Mtg 1307 Sample	Long Term Liability	0.00
+2300 - Security Deposits	Other Current Liability	2,850.00
+2301 - Lee,Kristen&Jake[3304BCovenant]	Other Current Liability	600.00
+2302 - Ortiz,Emerto[320Baker#721]	Other Current Liability	300.00
+2303 - Kosey,Mike[320Baker#721]	Other Current Liability	300.00
+2304 - Flannery,Joe[320Baker#721]	Other Current Liability	0.00
+2305 - Robbins,Brad[123Main]	Other Current Liability	0.00
+2306 - Gold,Audrey[1610NAndrews]	Other Current Liability	0.00
+2307 - Keating,Jessica[3304BCovenant]	Other Current Liability	450.00
+2308 - Lee,Jake[3304BCovenant]	Other Current Liability	600.00
+2309 - Phillips,Sarah[320Baker#721]	Other Current Liability	600.00
+2310 - Stone,Blake[1118Tenth]	Other Current Liability	0.00
+2545 - Robbins,Brad Sec Dep	Equity	0.00
+3010 - Member C. Applegate Equity	Equity	112,000.00
+3011 - Member CLA Draws	Equity	107,000.00
+3012 - Member CLAEarnings	Equity	-5,000.00
+3013 - Member CLAInvestments	Equity	112,000.00
+3020 - Member W. Applegate Equity	Equity	0.00
+3021 - Member WGA Draws	Equity	0.00
+3022 - Member WGA Earnings	Equity	0.00
+3023 - Member WGA Investments	Equity	0.00
+3100 - Retained Earnings	Equity	0.00
+3200 - Opening Bal Equity	Income	0.00
+4100 - Rental Income	Income	0.00
+4200 - Fee Income	Income	0.00
+4210 - Cleaning Fee Income	Income	0.00
+4220 - Late Fee Income	Income	0.00
+4230 - NSF Check Fee Income	Income	0.00
+4240 - Mgmt Fee Income	Income	0.00
+4250 - Damages Repairs & Fee	Income	0.00
+4260 - Mgmt Advertising Fee	Income	0.00
+4270 - Mgmt Early Termination Fee	Income	0.00

As tenants move out or you sell property, set the corresponding account as “inactive” to hide them. (Indicated by the “X”).

All of the different Types of accounts are shown

Scroll down for all accounts.

	Other Income	
+4300 - Capital Gains (Loss)	Other Income	
+4400 - Interest Income	Other Income	
+4500 - Other Income	Other Income	
+5000 - Filing Fees	Expense	
+50900 - Cost of Goods Sold	Cost of Goods Sold	
+5100 - Insurance	Expense	
+5110 - Property Insurance	Expense	
+5120 - Errors & Omissions	Expense	
+5130 - Liability Insurance	Expense	
+5200 - Interest Expense	Expense	
+5210 - Finance Charge	Expense	
+5220 - Loan Interest	Expense	
+5300 - Repairs	Expense	
+5310 - Building Repairs	Expense	
+5320 - Computer Repairs	Expense	
+5330 - Equipment Repairs	Expense	
+5340 - Cleaning Expense	Expense	
+5400 - Utilities	Expense	
+5410 - Gas	Expense	
+5420 - Water	Expense	
+5430 - Electric	Expense	
+5440 - Telephone	Expense	
+5490 - Condo Assoc Fee	Expense	
+5500 - Equipment Rental	Expense	
+5600 - Renter Gifts	Expense	
+5700 - Advertising	Expense	
+5800 - Office Supplies	Expense	
+5900 - Postage and Delivery	Expense	
+5100 - Depreciation Expense	Expense	
+6200 - Taxes	Expense	
+6210 - Federal Taxes	Expense	
+6220 - Local Taxes	Expense	
+6230 - Property Taxes	Expense	
+6240 - State Taxes	Expense	
+6300 - Automobile Expense	Expense	
+6400 - Travel & Ent	Expense	
+6410 - Entertainment	Expense	
+6420 - Meals	Expense	
+6430 - Travel	Expense	
+6500 - Professional Fees	Expense	
+5610 - Legal Fees	Expense	
+5620 - Accounting	Expense	
+6600 - Yard Maintenance	Expense	
+6700 - Uncalledible Rent	Expense	
+7010 - Bank Service Charges	Expense	
+7011 - NSF bank charge	Expense	
+7012 - Check Fee	Expense	
+7013 - PMI Fee	Expense	
+7020 - Cash Discounts	Expense	
+7030 - Dues and Subscriptions	Expense	
+7040 - Licenses and Permits	Expense	
+7110 - Other Expenses	Other Expense	

The buttons on the bottom contain useful commands. Try clicking them.

“Inactive Accounts” are shown by checking this.

Account ▾ Activities ▾ Reports ▾ Attach Include inactive

Quick Tip

We suggest setting up a numbering system for accounts based on their type. This prevents errors and speeds up data entry. When you enter data, you can type in the number and QuickBooks will automatically fill in the rest of the account details. A system will also prevent you from accidentally having duplicate accounts like "Rent Income" and "Tenant Payments Income."

This is the numbering system the template file uses:

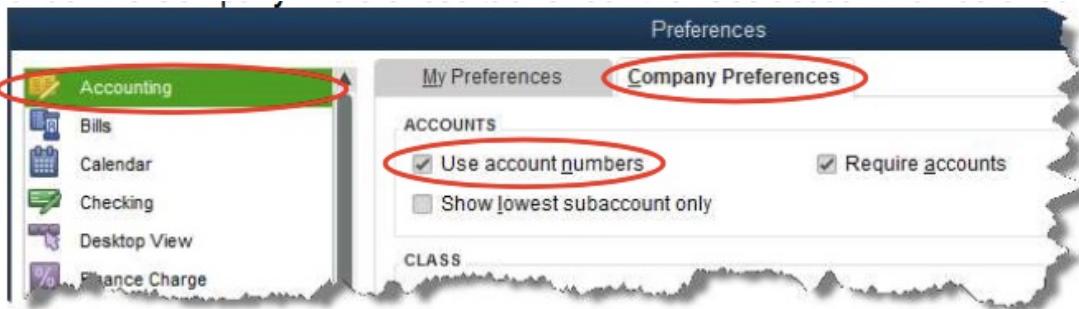
1000 – 1999	Assets
2000 – 2999	Liabilities
3000 – 3999	Equity
4000 – 4999	Income
5000 – 8999	Expenses

Note QuickBooks wants to default to a 5 digit numbering system, which is also acceptable to use, but we find this simple and convenient.

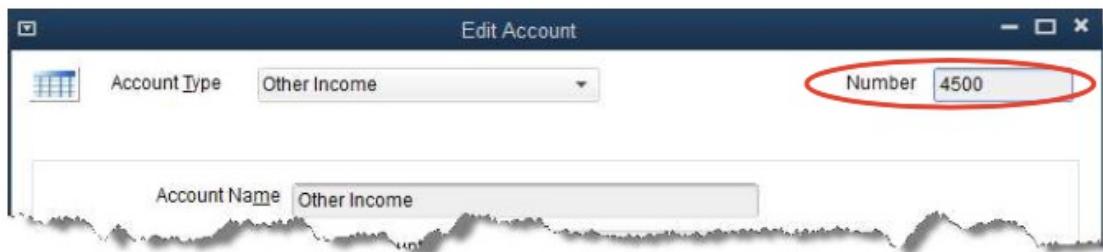


Q: What if I already have a data file, and now I want to add your account numbering convention?

A: This is easy to add to existing data files. Open your company file, then click **Edit > Preferences**. Turn on account numbers in the Accounting category on the left, and under the Company Preferences tab. Check the “Use account numbers” box.



Then, edit your existing accounts, and add account numbers. Go to the Chart of Accounts, click each account, then click the Account button and choose Edit Account. (Or right click on an account and choose edit). Lastly, set each of the account numbers to whatever you want. They can be letters and/or numbers.

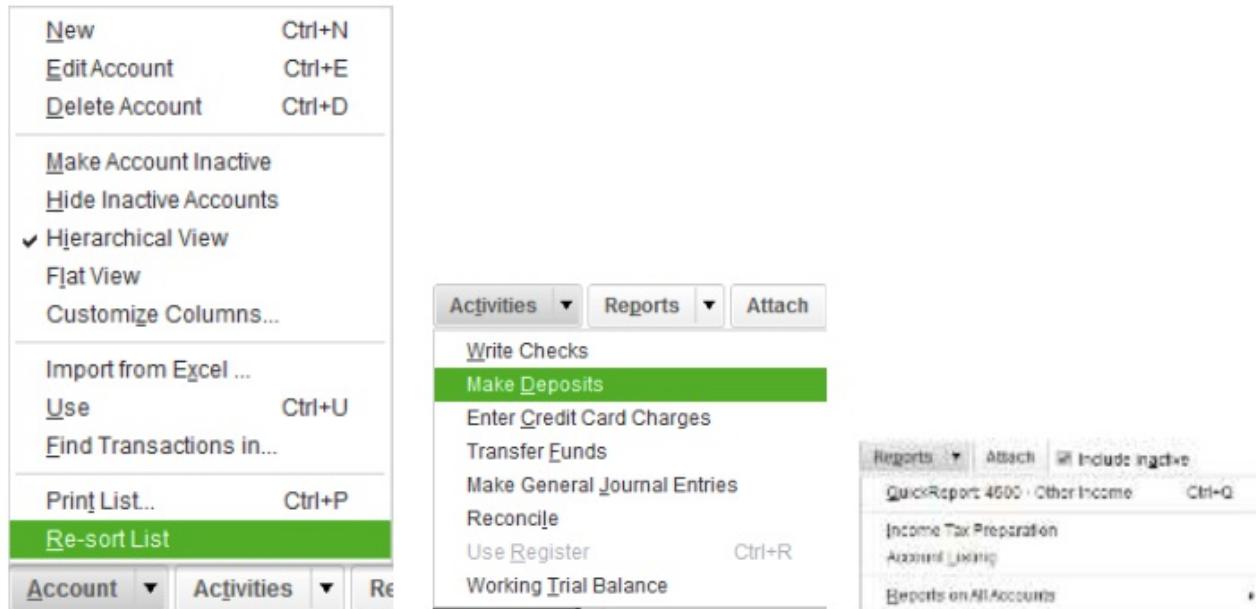


Q: I want to edit all my account numbers quickly. How do I do that?

A: This is easy to do if you have Excel, or some other spreadsheet tool. You will export your chart of accounts as an “IIF file”. **Note: you should create a Backup of your company file first, so you can always restore it if needed.**

Export the IIF file in QuickBooks by clicking **File > Utilities > Export > Lists to IIF Files**. Choose the Chart of Accounts, click OK, and save it somewhere. Open it with Excel (import a tab delimited file) and edit the account numbers. Save it as the same “.iif” file, and import that back into QuickBooks. **File > Utilities > Import > IIF Files...**

The Chart of Accounts has three common buttons on the bottom. These appear on several other screens in QuickBooks. The buttons Account, Activities and Reports expand to offer common tasks from your current view.



The accounts that are indented below other accounts are sub-accounts. The balance of an account with sub-accounts (let's call it a super-account) is the sum of the sub accounts plus transactions in the super-account. **1300 Real Estate Assets** has sub-accounts for every property. **2530 Security Deposits** has a sub-account for each tenant.

Caution



If you have the choice of entering a transaction in a sub-account or a super-account, choose the sub-account. This keeps your books tidy and insures in reports the super-account is equal to the sum of only the sub-accounts' transactions. Do not defeat the purpose of sub-accounts (they give you more detail in reporting) by throwing transactions into the super-account.

Definition



Balance Sheet Accounts: are accounts that appear on a balance sheet report. They each have a register that tracks the balance of the account. Current account values are displayed in the Chart of Accounts.

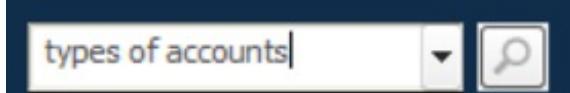
Income and Expense Accounts: track sources of income and purposes of each expense. When you enter a transaction with a balance sheet account, due to double entry accounting you typically also assign the amount to one or more income or expense accounts. Income and expense accounts do not display balances in the Chart of Accounts.

There are 14 total types of accounts in QuickBooks: 9 are “Balance Sheet Accounts” and 5 are “Income and Expense Accounts.”

Real estate is a “Fixed Asset” account, checking is a “Bank” type, the owners’ contributed capital is “Equity,” and money that will come due soon is an “Other Current Liability.”

See Also

For an excellent in depth explanation of all account types, in the Menu Bar, click **Help > QuickBooks Help**, or type in **types of accounts** into the help search in the menu bar.



3.10 Properties are Asset Accounts

Properties you own as investments are considered Fixed Assets in the Chart of Accounts. Each property your company owns should be a sub account of **1300 – Real Estate Assets**. The only exception is for properties your company manages for other owners, but is not your own asset.

So when you add properties to QuickBooks, be sure to include them as Fixed Assets as well as add them to the Customer Center.

See Also

For instructions adding properties to the Customer Center, refer to section [3.06 Properties are “Customers” in the “Customer Center”](#).

For instructions adding properties’ fixed asset accounts, refer to [Chapter 4. Property Tasks](#).

3.11 Some Accounts have a “Register”

Only “Balance Sheet Accounts” have registers. “Income and Expense Accounts” do not. Balance Sheet Accounts appear on the Balance Sheet.

Definition

Register – a record of activity that changes an account’s balance. Registers exist for Balance Sheet type accounts, not Income and Expense accounts. When you double click on many accounts in QuickBooks, it opens the checkbook looking lines of transactions - that is a Register.

Each register is a record of activity that changes the account’s balance. Registers can be used directly to enter most transactions.

QuickBooks Account Types

Balance Sheet Accounts

(these have registers)

- Bank
- Accounts Receivable (A/R) Other Current Asset
- Fixed Asset
- Other Asset
- Accounts Payable (A/P) Credit Card
- Current Liability
- Long-term Liability
- Equity

Income and Expense Accounts

(these do not have registers)

- Income
- Other Income
- Expense
- Other Expense
- Cost of Goods Sold (COGS)

(Since these lack registers, you will create reports to analyze the transactions that posted into them).

To open a register (for one of the accounts that have registers), double click the line of an account in the above Chart of Accounts to see the corresponding Register. You can also click the register button on the Button Bar:

Below is the Register for the checking account, **1010 – Business Checking**.

1010 - Business Checking

DATE NUMBER PAYEE PAYMENT ✓

	TYPE	ACCOUNT	MEMO	PAYMENT	
12/01/2005		320Baker#721:Kesey, Mike			62,924.53
	PMT	1200 - Accounts R 12/1 received		265.00	
12/01/2005		3304CovenantLee,Jake[A]			63,524.53
	PMT	1200 - Accounts R 12/1 received		600.00	
12/10/2005	1088	Wireless Phone Co.		89.40	63,435.13
	CHK	5400 - Utilities:54:			
12/20/2005	1089	Condo Agency		120.00	63,315.13
	CHK	5490 - Condo Ass			
1/13/2014	Number	Payee			63,315.13
		Account			
				Deposit	
				CE	
				63,315.13	
				Record	Restore
Sort by Date, Type, Number/Ref					

Take note that different registers have different background colors. This visual confirmation prevents entering incorrect transactions in an account.

Register Account Colors	
Account	Register Color
Bank	green
Accounts Receivable (A/R)	blue
Other Current Asset	tan
Fixed Asset	tan
Other Asset	tan
Accounts Payable (A/P)	lavender
Credit Card	turquoise
Current Liability	tan
Long-term Liability	tan
Equity	tan

3.12 Properties use a “Class” or “Sub-class”

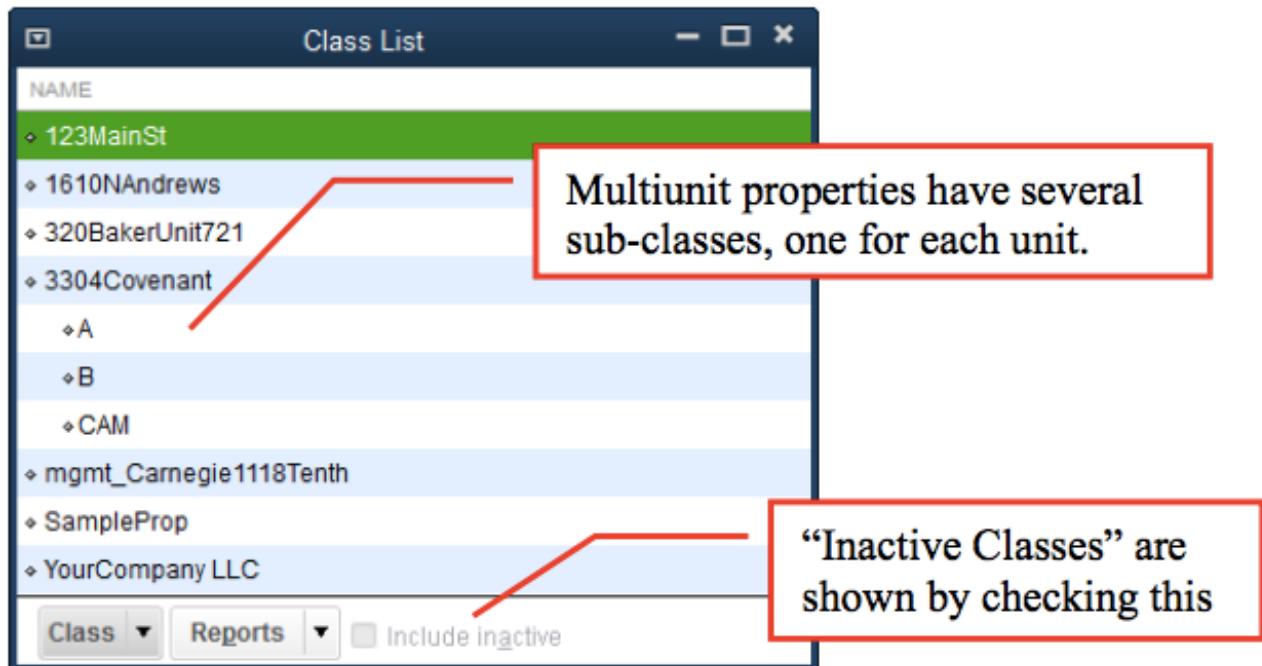
One major purpose of using QuickBooks is to easily create reports to analyze your investments. “Classes” allow you to categorize spending or income. Use a different class for every property (or sub-classes for each unit in a multiunit building.)



Classes give you a method to track and classify income and expenses. They are absolutely essential to categorize spending or income into different properties. You will have a different class for every property (and optionally subclasses for units in multi units). To get to the Class List use the Menu bar: click **Lists > Class List**.

Sub Classes are indented below another class and are used as each unit in a multiunit.

In the Menu Bar click **Lists > Class List**. You will see the following.



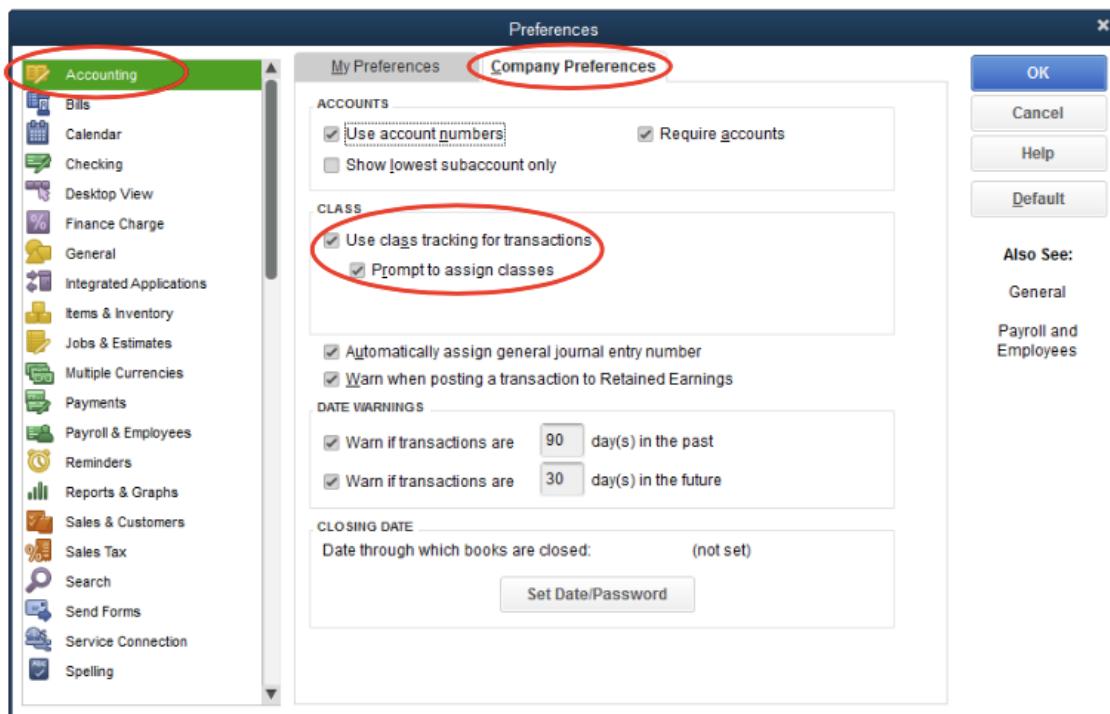
Multiunit buildings have several sub-classes, one for each unit and one as Common Area Maintenance (shared expenses over all units). In transactions, never use the overall class, for example “3304Covenant” always choose one of the sub-classes. It makes for nicer reporting. Choose one of the appropriate sub-classes.

Quick Tip

If you create subclasses, try to only use them and do not put transactions into the super-class. In reports subclasses are aggregated into the super-class. Everything is intuitive if there are no stray transactions floating in the super-class. When you make subclasses, it is because you desire greater granularity in reporting—so always use them!

Quick Tip

In order to use classes, they must be turned on in the Accounting Preferences window. In the Menu Bar, click **Edit > Preferences...** scroll up to Accounting in the top of the scrollable list on the left and click the **Company Preferences** tab. Check **Use Class Tracking for transactions** and **Prompt to assign classes**.



If you use the sample company template, the preferences are already configured to use class tracking.



Q: Does every single transaction use a class?

A: Generally, yes. With the exception of some special adjusting Journal Entries, you always want to use classes. Journal Entries are a powerful tool (allowing direct manipulation of accounts), and thus need extra thought. We help you with the examples in this book, though.

In general, always use the class that applies to each transaction. This corresponds to each property's class, or the company's class.

3.13 “Invoices” Charge Tenants for Rent

Do not worry; you will not have to mail physical invoices. “Invoices” are the method used in QuickBooks to charge tenants. They also allow for automatic late fee calculation.

Open the sample file and the Customer Center (**Ctrl+J**) and **right click** on the tenant at 3304 Covenant unit A: **Lee, Jake[A]**. Click **Use Register**. An Accounts Receivable register of all charges affecting Jake appears.

3304Covenant:Lee,Jake[A] - Account

Customer:Job		Rent Charged 11/01					
DATE	NUMBER	ITEM	QTY	RATE	AMT CHRG	AMT PAID	BALANCE
		TYPE	DESCRIPTION		CLASS	BILLED DATE	DUEDATE
11/01/2005	1083				600.00		0.00
		INV				Paid	
12/01/2005						600.00	-600.00
		PMT	12/1 received				
12/01/2005	1090				600.00		0.00
		INV					
01/13/2014							

Rent Paid 12/01, the memo indicates it was received the 1st.

Looking at Jake's User Register, it has two invoice charges (INV) and two rent payments. Each transaction typically takes two lines to show all the information. However, it can be set up to display less information by checking "1-Line" in the bottom left.

An alternative method to see a tenant's register is in the Customer Center. Highlight a specific tenant (a job) and look on the right side of the window. A transaction listing of Invoices and Payments shows up. Some other tenants also have late fees (Audrey Gold).

The screenshot shows the QuickBooks Customer Center for job 3304Covenant_Lee_Jake[A]. The left pane displays a list of active customers, including 320Baker#721, Phillips_Sarah, Ortiz_Ernesto, Kasey_Mike, 3304Covenant, Lee_Jake[A] (selected), and Keating_Jessic. The right pane shows 'Job Information' for Lee_Jake[A] with details like Customer Name (3304Covenant), Job Status (None), and Bill To (Lee_Jake, 3304 Covenant). A red box highlights the transaction list below, which shows recent transactions: an invoice for \$600.00 on 12/01/2005, a payment of \$600.00 on 12/01/2005, another invoice for \$600.00 on 11/01/2005, another payment of \$600.00 on 11/01/2005, and another invoice for \$600.00 on 10/01/2005.

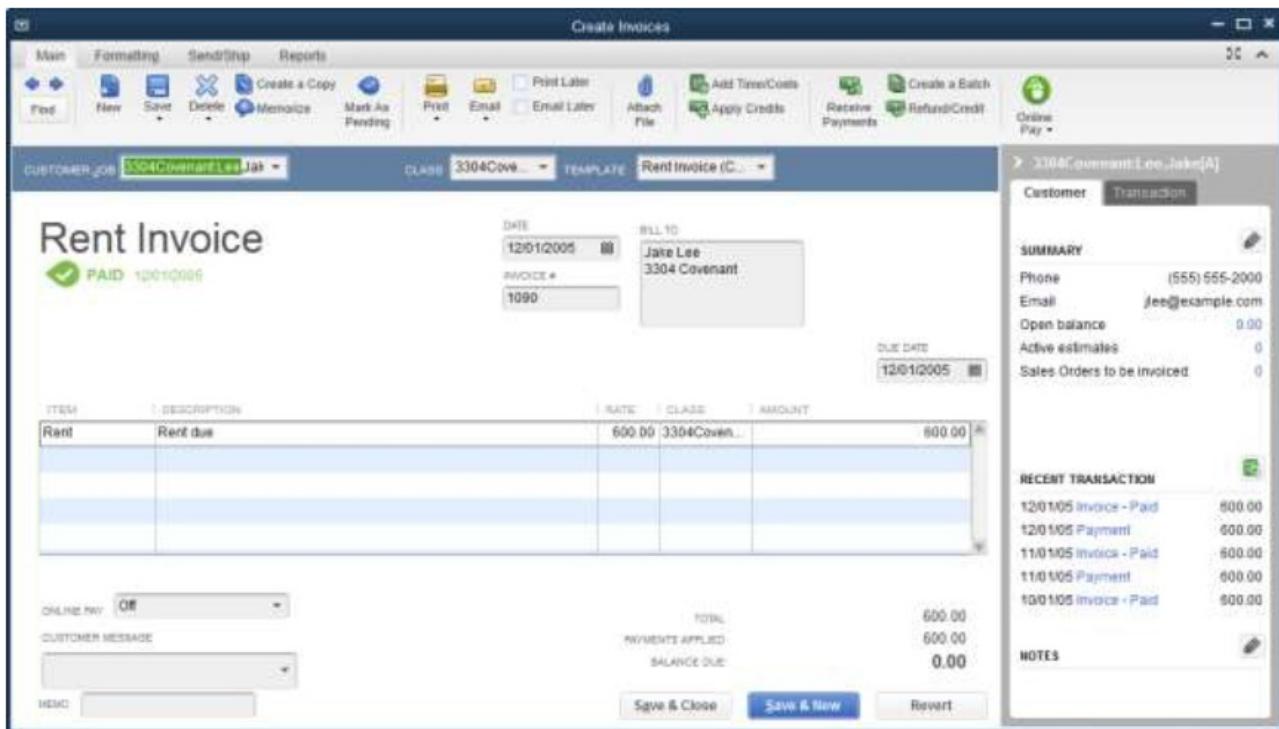
TYPE	NUM	DATE	ACCOUNT	AMOUNT
Invoice	1090	12/01/2005	1200 - Accounts Receivable	600.00
Payment		12/01/2005	1010 - Business Checking	600.00
Invoice	1083	11/01/2005	1200 - Accounts Receivable	600.00
Payment		11/01/2005	1010 - Business Checking	600.00
Invoice	1073	10/01/2005	1200 - Accounts Receivable	600.00

Definition

Invoices are used in to charge rent to tenants. It can be set to automatically enter (through “memorized transactions”) and automatically assess late fees (through “Automatically Assess Finance Charges”).

The charges or payment line items each have (if applicable) room for the Date, Number, Item, Qty, Rate, Amt Charged, Amt Paid, Balance, Type, Description (memo), Class, Billed Date, and Due Date.

A sample invoice used for entering these charges is below. Later on we will go over all of these details.

**Definition**

Accounts Receivable is the general account for money tenants (or anyone else) owes your company. It is increased when invoices (rent), sales receipts, or statement charges are entered and decreased when you receive payments.

See Also

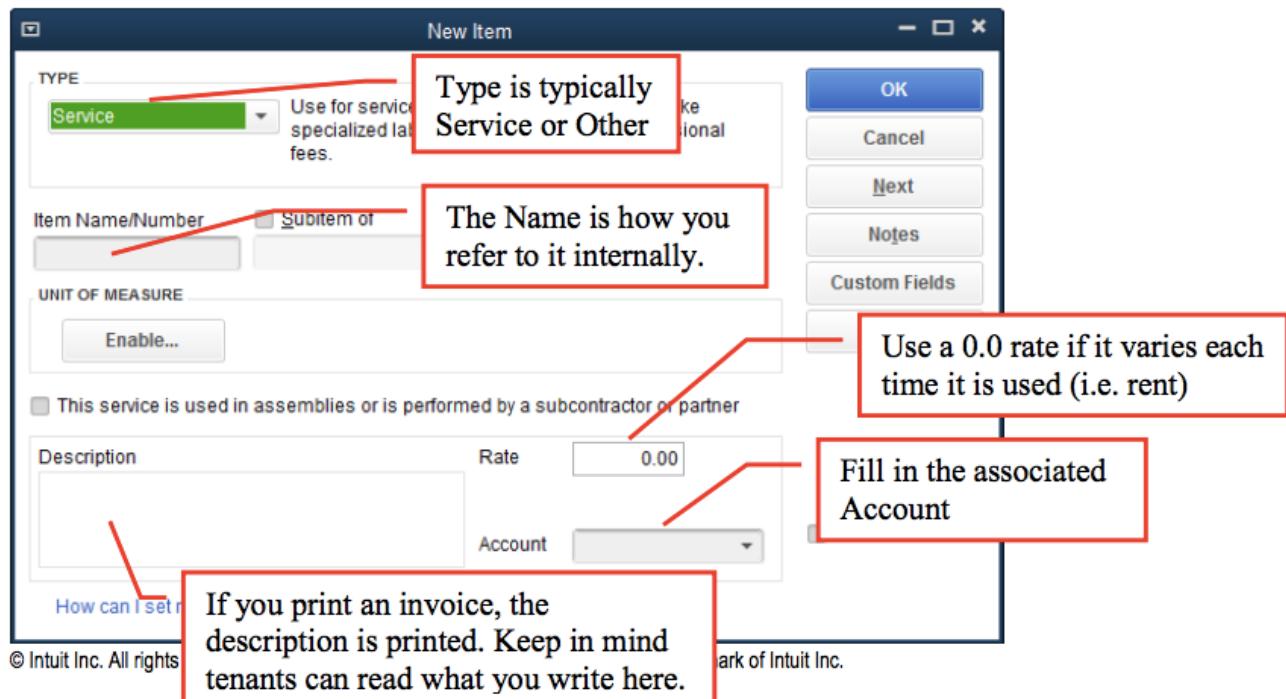
To specifically set up your tenant's invoice charges (rent) see [5.02 Automatically Charge Residents for Rent](#). This current chapter is a higher level overview of QuickBooks' fundamental concepts.

3.14 “Items” go on Every Invoice

When you create an Invoice, you must charge for something. That something will be an “Item.” You will have an item for rent, late fees, bad checks and more. First, look at the Items List in the sample data file. Click in the Menu Bar: **Lists > Item List**.

Each item has an associated account. When charging a tenant for an item, the revenue will go into the associated account. Items with predetermined charges have a price listed, while others do not and will have a custom price entered on the invoice directly.

If you ever have reason to create a new item, click the button **Item > New**.



If you want to add or edit many items, you can do that quickly with **Lists > Add/Edit Multiple List Entries**.

3.15 Rent is Your Primary “Item”

In QuickBooks, goods and services you provide customers are called items. Rent is a service you provide, so rent is an item.

Definition

Items are services, charges, or goods you provide to customers. Whenever you charge someone for something, it needs to have an item associated with it. Your main items are Rent, Late Rent Fee, NSF Fee and Bad Check Amt (the last two are related to bad checks tenants give you). To get to the Items List use the Menu bar: click **Lists > Item List**.

Let's look at the items. In the Menu bar, click **Lists > Item List**. There are several items, the most important one is “Rent”, which does not have a “Price” in the right because you enter the price in another screen (as it may vary between different properties, but you only want one item). The other items are related to late fees, tenant damage charges, or bad checks.

The rent item posts to the **4100 – Rental Income** account.

Rent is the most important item

Some items have prices here, others are specified later on the invoice.

See Also

For instructions adding properties to the Customer Center, refer to section [3.06](#) Properties are “Customers” in the “Customer Center”. Also see section [3.12](#) Properties use a “Class” or “Sub-class”.

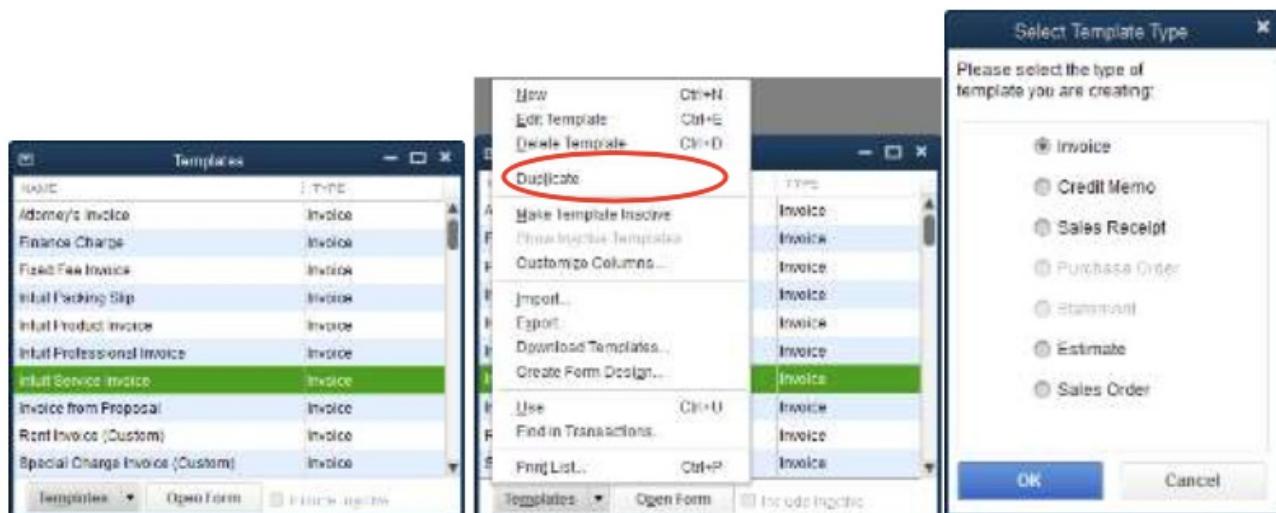
3.16 Customize Invoice Templates with your Logo

If you never print invoices, the default Intuit Service Invoice will probably work fine for your company. However if you need to print an invoice, you may want to include a logo or other customizations.

In the included company files there is a customized Rent Invoice you can use.

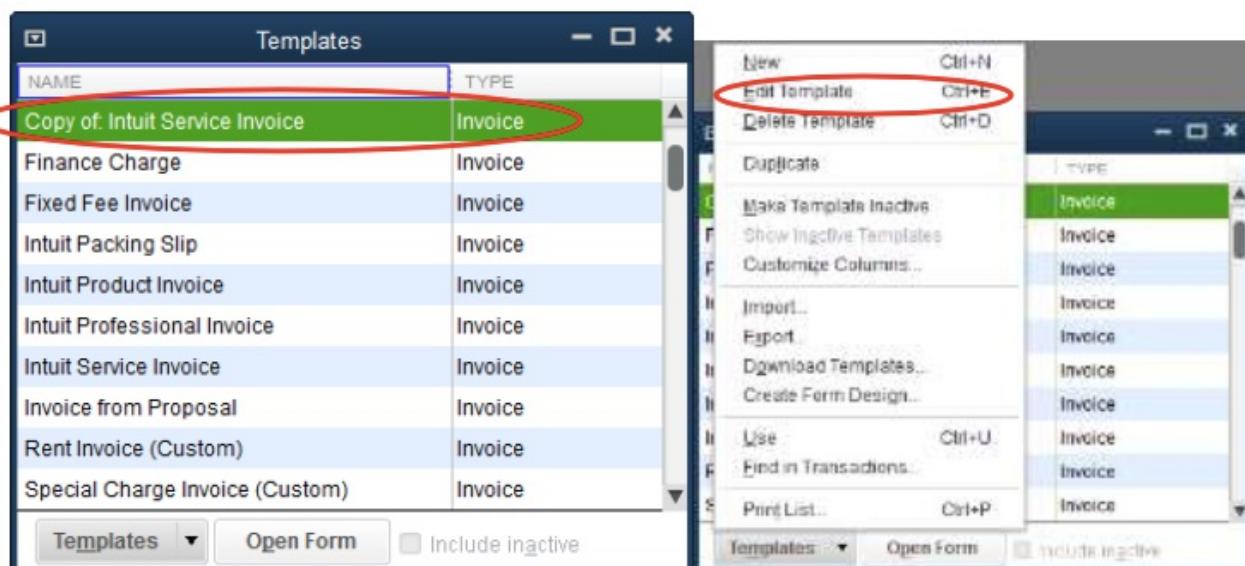
Customize forms and invoices by clicking in the Menu Bar **Lists > Templates**. You can duplicate an existing one, create a new one from scratch, or go online to browse more templates available for free from Intuit.

If you want to slightly modify the existing service invoice, **highlight** the Intuit Service Invoice and click the Templates button then click **Duplicate**.

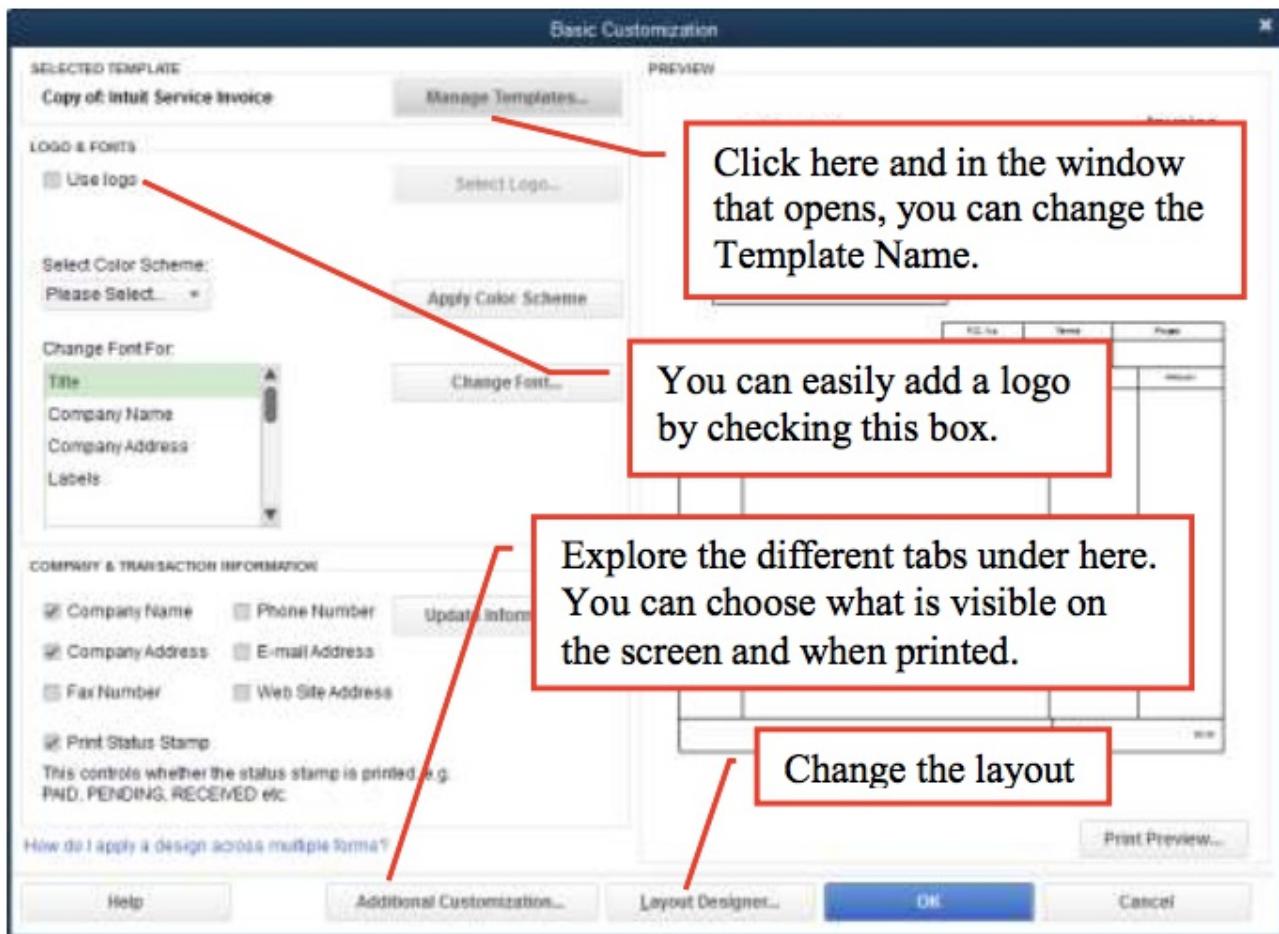


In the popup that appears, click **Invoice**, then **OK**.

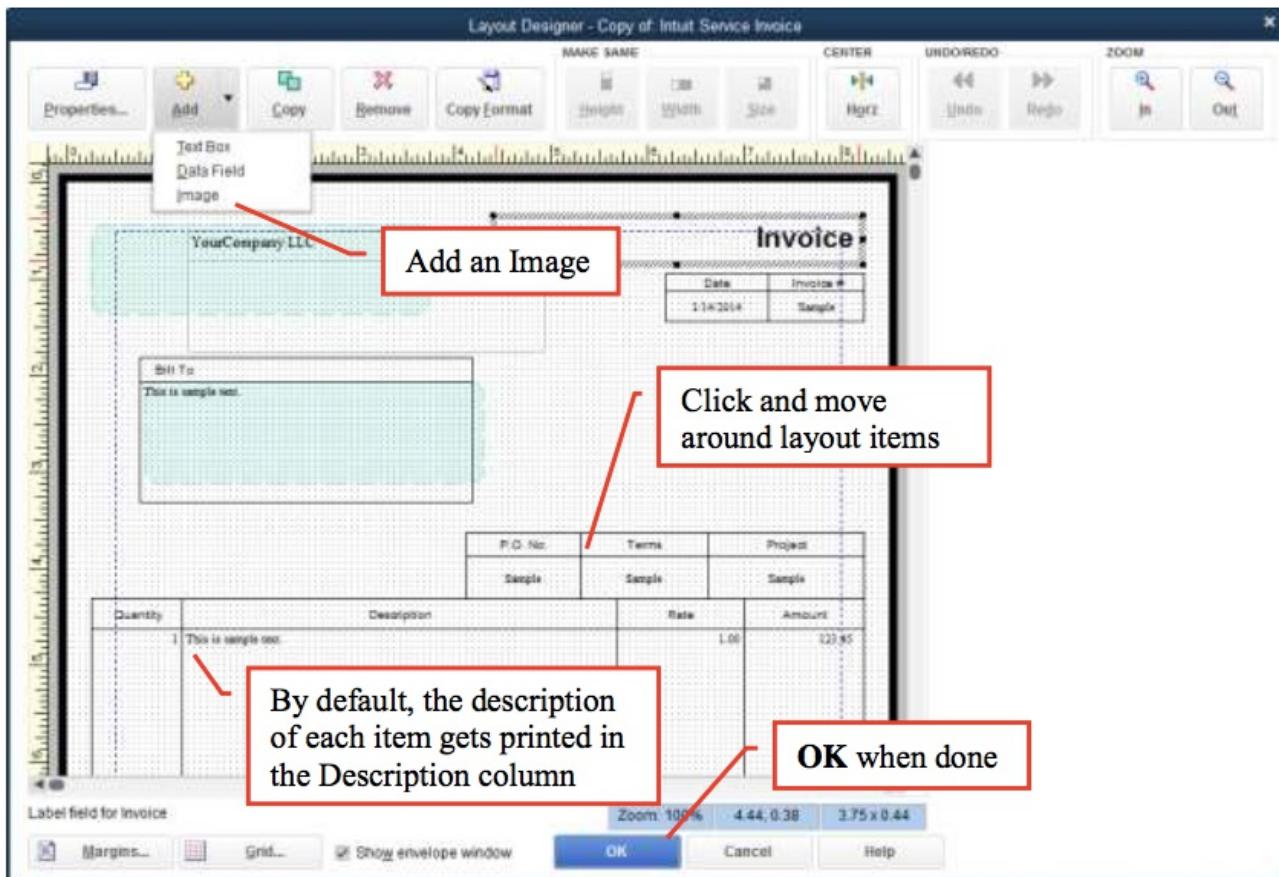
The duplicated invoice is now listed in the Templates window as **Copy of: Intuit Service Invoice**. Highlight it and click the **Templates** button > **Edit Template**.



In the window that appears, you can customize what information will be visible, both on the screen and when printed. Click through the various tabs to explore what options you can change.



Next, explore by clicking the **Layout Designer** button to customize the graphical look of your invoices. To add additional images and customize where they are, click the **Add...** button in the top toolbar and choose **Image**. Browse to the location of the image on your computer.

**See Also**

Look in the data file template and sample company file for an example of a customized Rent Invoice.

3.17 “Memorized Transactions” Occur Automatically

QuickBooks can memorize transactions and schedule to enter them repeating over time in the future. These, in conjunction with “Invoices,” automatically charge every tenant, bill late fees, and generate a rent roll of tenants’ balances due.

See Also

To specifically set up your tenant’s invoice charges (rent) see [5.02 Automatically Charge Residents for Rent](#).

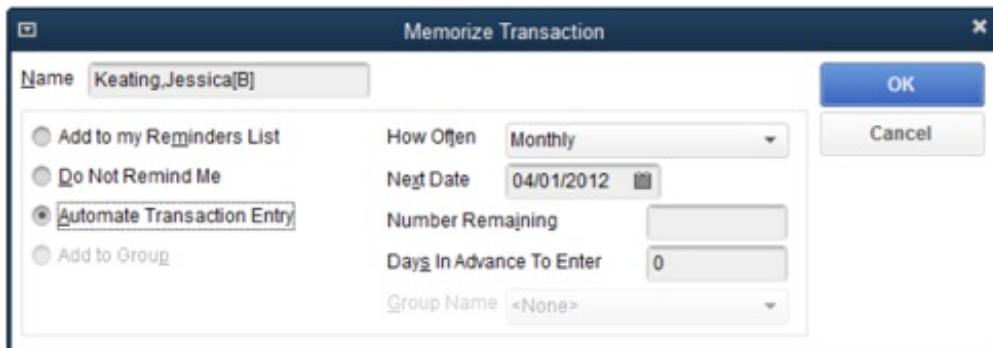
Look at the current memorized transactions by clicking in the Menu Bar, **Lists > Memorized Transaction List**, or press **Ctrl+T**. The following appears.

Memorized Transaction List							
TRANSACTION NAME	TYPE	SOURCE ACCOUNT	AMOUNT	FREQUENCY	AUTO	NEXT DATE	
Keating,Jessica[B]	Invoice	1200 · Accounts Rec...	450.00	Monthly	✓	03/01/2014	
Kesey, Mike	Invoice	1200 · Accounts Rec...	265.00	Monthly	✓	02/01/2014	
Robbins,Brad	Invoice	1200 · Accounts Rec...	77.00				

Memorized Transaction Enter Transaction

Note: memorized transactions were deleted in the sample data file to so when you open it many months are not auto-entered.

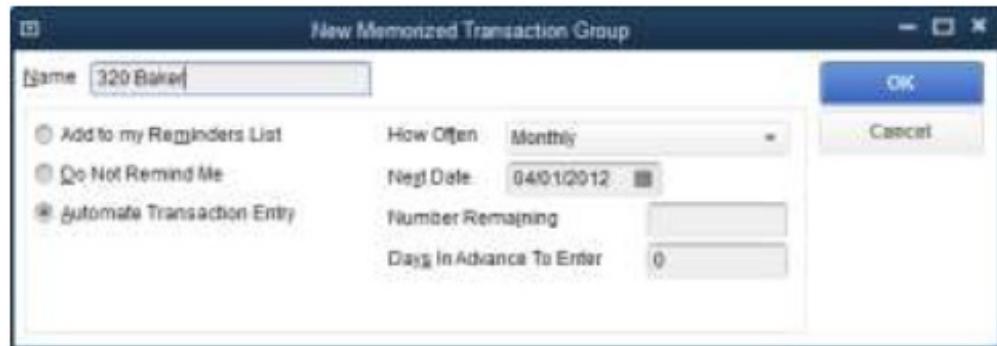
You can add to the list of memorized transactions at the time you enter a transaction. While the invoice is open (before clicking Save and Close) press **Ctrl+M** (or click **Edit > Memorize Invoice**). If you forget to memorize an invoice and close it, you can open that invoice back up and then press **Ctrl+M**.



As some tenants leave, delete the memorized transaction by selecting it and pressing **Ctrl+D**, or click in the Menu Bar, **Edit > Delete Memorized Transaction**.

Quick Tip

You may prefer to create Memorized Transaction Groups to organize the transactions. These groups can be per building, or per due date. Create a new group by clicking the button **Memorized Transaction > New Group**.



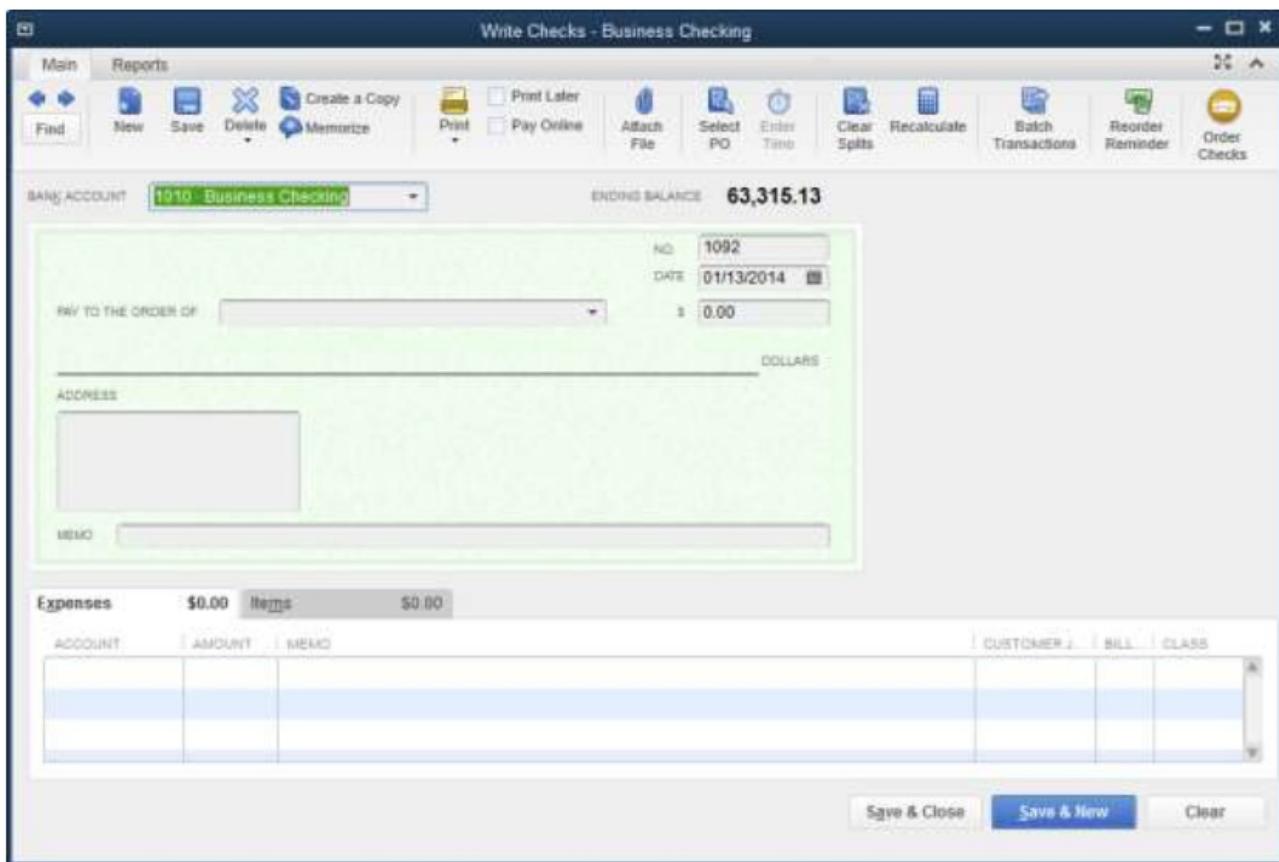
For instance, these could be grouped by apartment building, or if you also have loan servicing transactions, group “Rent” and “Loans” separately. Likewise, you could group Section-8 payments separately. You don’t need to decide now, you can always move them around later.

3.18 “Write Checks” don’t “Pay Bills”

The sample company uses the cash system of accounting, not accrual. (See [2.13 Cash Accounting, not Accrual](#)). “Pay Bills” would be used for accrual accounting – if you first entered a bill you had to pay, and then paid it.

In cash accounting, when one pays a bill, it is entered at the same time as an expense. Thus, “Write Checks” to utility companies, suppliers or anyone on our vendor list. Before paying anyone their name must be in the system, either as a vendor, customer or other name.

Write checks from the Menu Bar by clicking: **Banking > Write Checks** (or [**Ctrl+W**](#)). Look at previous checks that were written in the sample company file for examples.

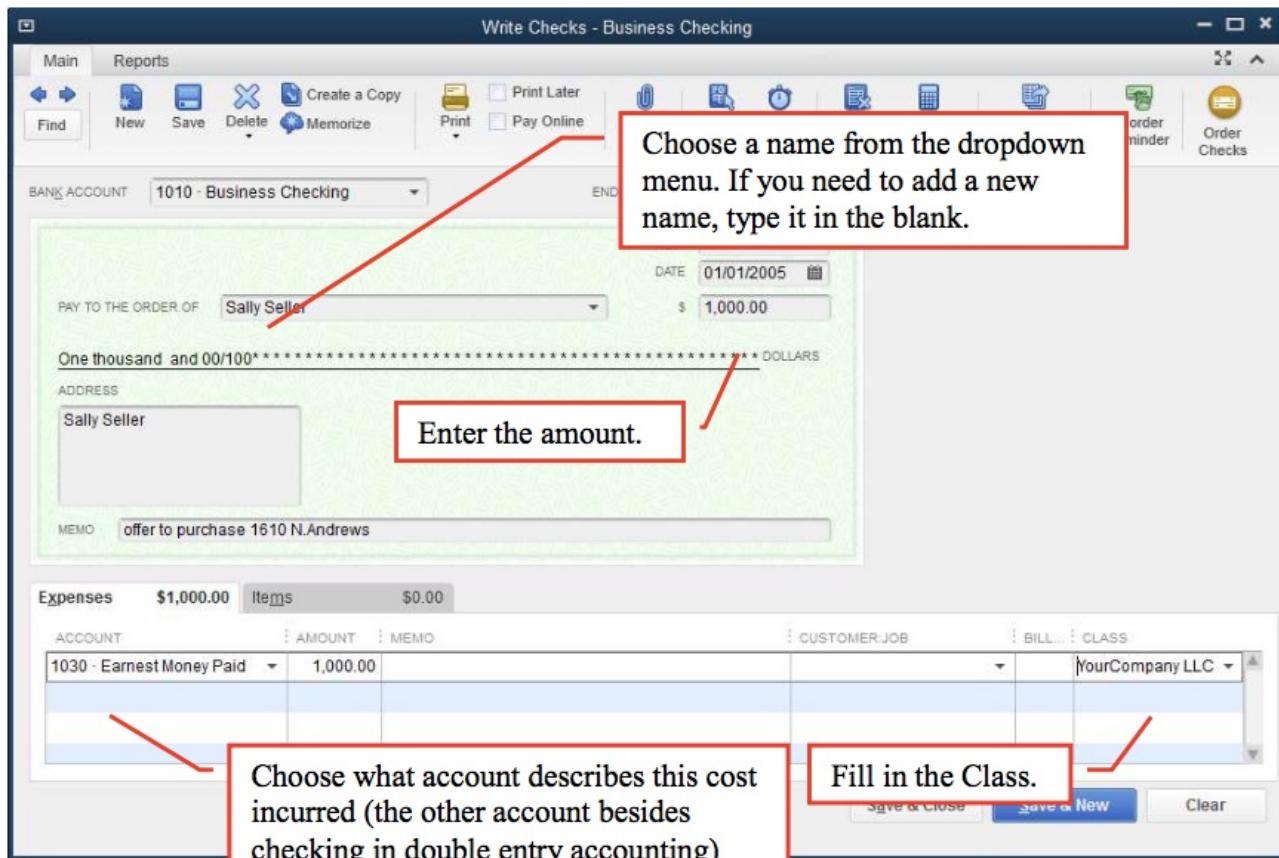


3.19 Write Checks

In the Menu Bar click **Banking > Write Checks**, or click the Check menu button.

Type in the name you need to “Pay to the Order of”. If that name is not already on one of your lists (as a Customer, Vendor, Employee, etc.) you can quick add it.

Below is an example check paying a seller earnest money for a property we are making an offer on.





Choose the type of person that you are adding and click **OK** then you can complete the check. In the above example, the seller is an “Other Name,” which we discuss later.

3.20 “Make Deposits” versus “Receive Payments”

You “Make Deposits” if you do not have a charge entered against a tenant in your Accounts Receivable. This happens when you receive a security deposit. It is not income, and you did not charge a tenant for it. It is available in the Menu Bar under **Banking > Make Deposits**.

Technically you could charge (invoice) a tenant first for the security deposit, but that takes more steps and does not add much valuable information to your accounts.

Quick Tip



Save deposit slips and bank statements—or know how long they are archived online. If you ever get audited, you will want to be able to produce these as evidence.

See Also



For examples of using Make Deposits for security deposits, refer to section [5.12 Enter Security Deposits](#).

You “Receive Payments” when a payment has been made to offset a charge you entered for a specific tenant. It is available in the Menu Bar under **Customers > Receive Payments**. You need to create and enter an Invoice charge, and then when receiving payments, check a box next to that invoice. This indicates what the payment is applied against.

Definition

Accounts Receivable is the general account of money people (tenants) owe your company. It is increased every month when the statement charges (rent) are automatically entered and decreased when you receive payment, offsetting the charges.

Explore the sample data file, looking at both Make Deposits and Receive Payments windows. Click the Previous icon button (look for a left arrow) to view old transactions and observe how they were used.

See Also

For the specifics of how to receive rent, refer to section [5.03 Receive Rent](#).

3.21 The “Vendor Center” is for Companies You Pay

Anytime you pay somebody (using either Write Checks or Pay Bills) you need he, she, or it in the “Vendor Center.” Access the sample file vendors by clicking the Vendors button in the Button Bar.

Use the vendors when you write checks, as well as for reports on how much you spend with different companies. It is not necessary to fill in all of the information under the New Vendor window. The minimum entry is the Vendor Name field (unless a vendor is a 1099 vendor, then you need their tax id too).

If you don’t have an employee, but a contractor who is unincorporated and paid over a certain amount, determined by the IRS, per year—make that vendor a 1099 vendor. A 1099 is an IRS form you complete for certain services paid for. QuickBooks tracks the amount of money spent with this vendor and enables you to print a form automatically.

Caution

Consult your tax professional or the IRS for information about the 1099-MISC form and current tax year compliance. For the IRS, call 800-TAX-FORM choosing option 1 then 2, or visit www.irs.gov.

To make an existing vendor a 1099 vendor, click, in the button bar, **Vendors**.

Choose the vendor to change and double click it. Enter information in the Address Info tab. The address must have the state abbreviation and zip code. If it is a person, enter the legal name. If you know a company name, but not the person’s name—leave the company name blank to prevent double names on the 1099-MISC form. Click the Additional Info tab and select the 1099 check box

and enter the Tax ID. You cannot print 1099-MISC forms unless all the above information is filled for every eligible vendor.

In order to print the 1099-MISC forms you must set up the threshold amounts and the types of 1099's you will issue.

See Also

To adjust the 1099 vendor threshold amounts, refer to [3.29 Changing QuickBooks "Preferences"](#).

To learn how to set up 1099 accounts and threshold amounts search for "[set up 1099 account](#)" in QuickBooks Help.

For information on generating end of year 1099 vendor reports, refer to section [7.13 1099 Reports for Vendors](#).

3.22 If you have employees, use the “Employee List”

To use this feature, you need to register for one of QuickBooks's payroll services. Click in the menu bar: **Employees > Payroll**.

See Also

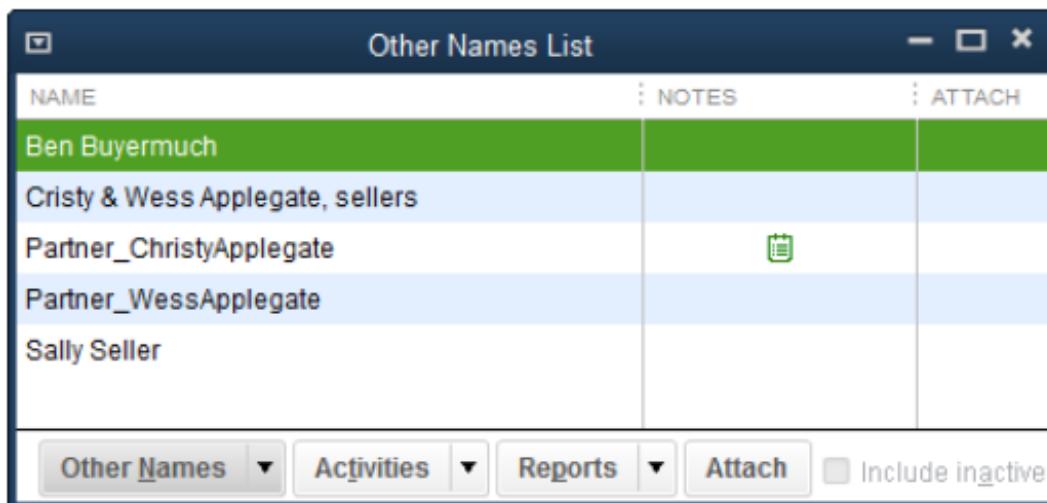
For more about the payroll services offered from QuickBooks, see [3.34 Payroll Options](#).

3.23 People on the “Other Names List”

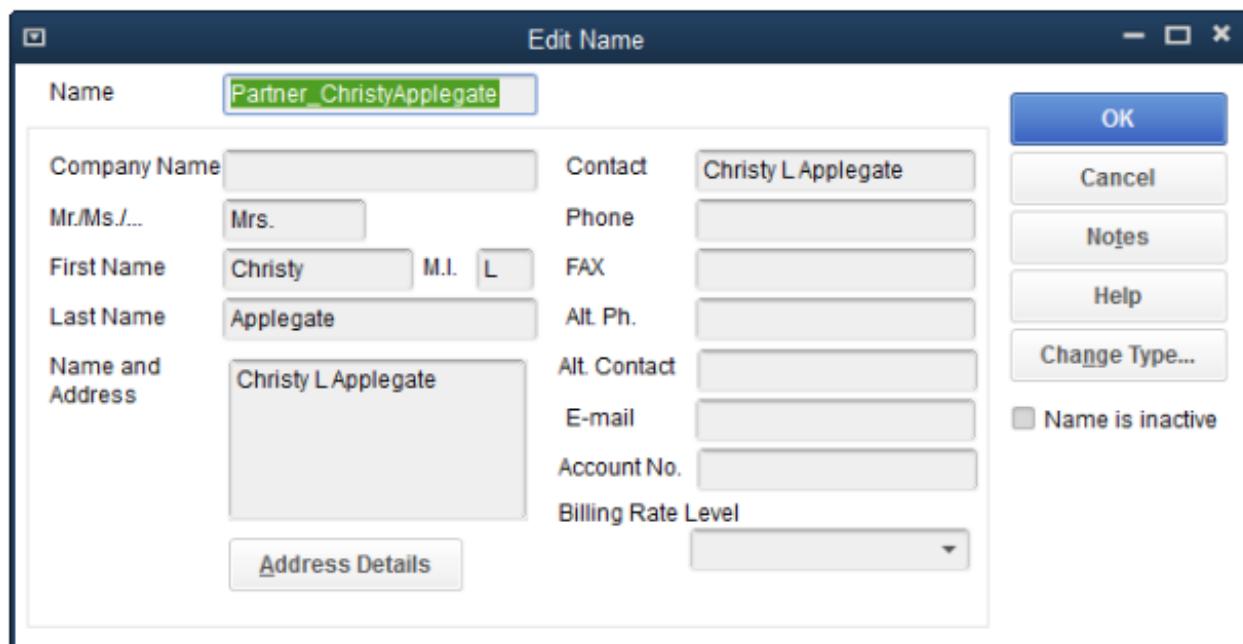
The Other Names list is for persons, things, or companies that are not customers, employees or vendors. This will include owners and partners.

If you are a member (owner) in a LLC, you will want to get paid. When the checks are written to you, your name will be chosen from the “Other Names List.” If you are paying a paycheck, you will use the Employees Center and pay paychecks.

To view the Other Names List, click in the Menu Bar: **Lists > Other Names List**. Here two partners of the sample file are listed. New ones are added by pressing [Ctrl+N](#). This also lists a sellers and a buyer of recent properties.



If you right click a name and choose **Edit Other Name...**, the following window appears.



3.24 Delete, Make Inactive, and Void

To delete something click in the Menu Bar **Edit > Delete ____**; where the blank is either transaction, class in class list, journal entry or whatever other thing you are trying to delete. Or with the transaction, class, etc. highlighted, press **Ctrl+D**.

Caution

In some versions, you cannot undo deleted transactions. Make a backup before attempting anything that might mess up your records. In fact, it's a great idea to make backups every day to your hard drive and every couple of days to a removable disk, CD or USB drive and store that offsite. Also, consider online backups.

Quick Tip

You can right click something on the screen and additional commands usually appear on the popup menu. If applicable, “void” is an option but “delete” is not.

The fastest way to delete a transaction is to highlight it in a register and use **Ctrl+D**. If you forget that, just look in the Edit menu and there should be a delete option.

Many times you will try to delete something, only to get an error message saying it cannot be deleted. Classes, accounts, or the like cannot be deleted if they are still being used in any previous transactions. Make things inactive instead of trying to delete them. Former tenants (jobs in the Customer Center), classes, fixed asset accounts of properties you have sold, or security deposit sub-accounts for a former tenant all are best to make inactive when no longer needed. On the list view of that thing, you can right click and choose **Make Inactive**.

Checks can be voided by right clicking on the check and choosing **Void**, or with the check you want to void active (in the register or checkbook) click in the Menu Bar **Edit > Void Check**.

3.25 “Merge” List Items

Inevitably you will want to reorganize some of your items, classes, customers, accounts, etc. There is not a command to merge two items or a menu that you can choose and merge things. Instead rename whatever you want to merge into something else as the same name. If you discover two vendors which should be the same, “Wireless Phone” and “Cell Phone Co.”, rename one to the other and they will be merged.

Merge combines items, classes, accounts, etc. to the name of an existing item, class, account, etc. You will be prompted if you really want to merge. It cannot be undone.

Caution

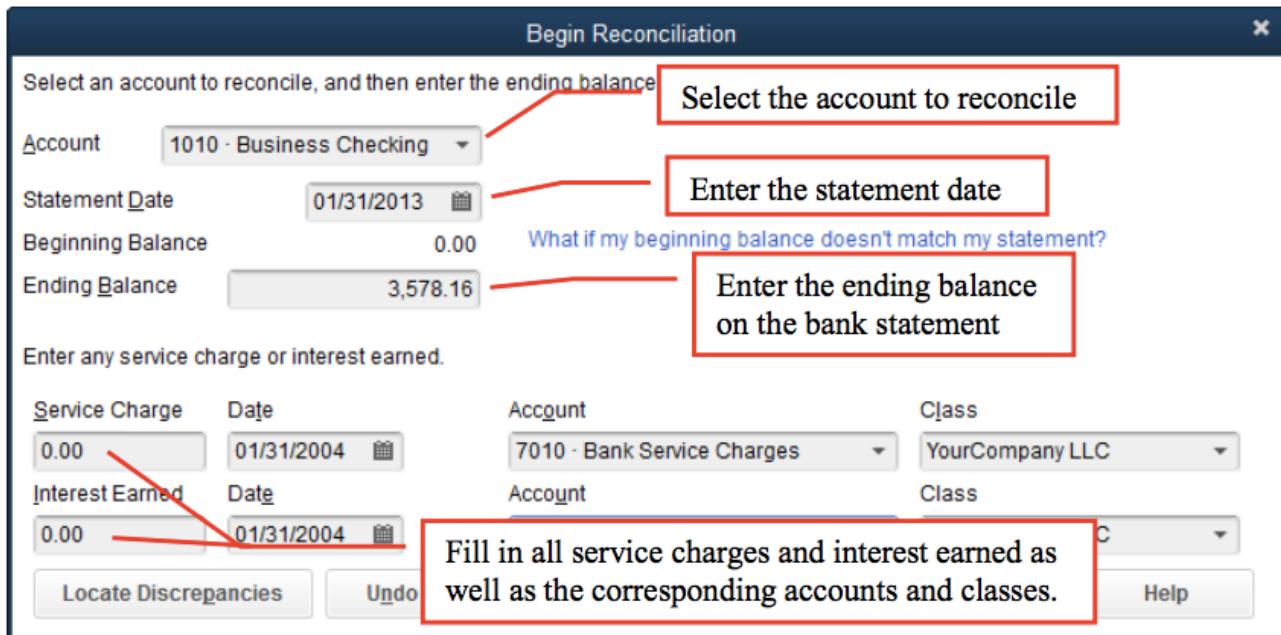
You cannot undo the merge of two items, classes, accounts, etc. Make sure you absolutely want to do it, and make a backup before attempting anything that might mess up your records.

3.26 “Reconcile” your bank account

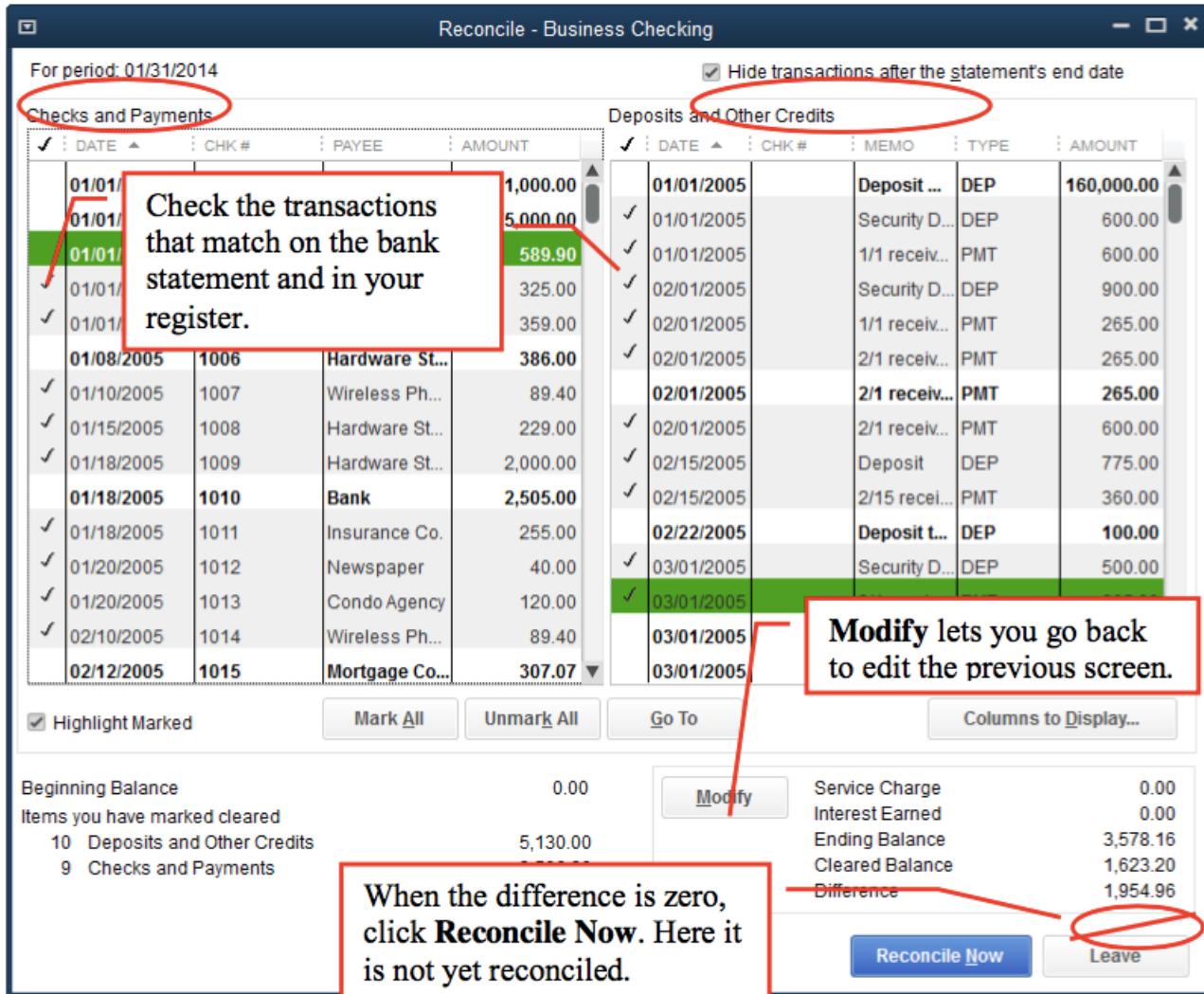
Reconciling an account makes sure your checking account record matches the bank's record. The bank account should be used exclusively for the business. Each month you get a bank statement showing all activity in the recent statement period.

To reconcile, click in the Menu Bar **Banking > Reconcile**.

If you are reconciling against today's current online balance, instead of a statement, choose the "Statement Date" to today, and the "Ending Balance" to the current balance.



Enter in the above information and click **Continue**.



When you look back at the register, there will be a checkmark in the cleared column for reconciled transactions. If you do not get \$0.00 as the difference, you must go through your transactions to find where the difference is compared to the bank.

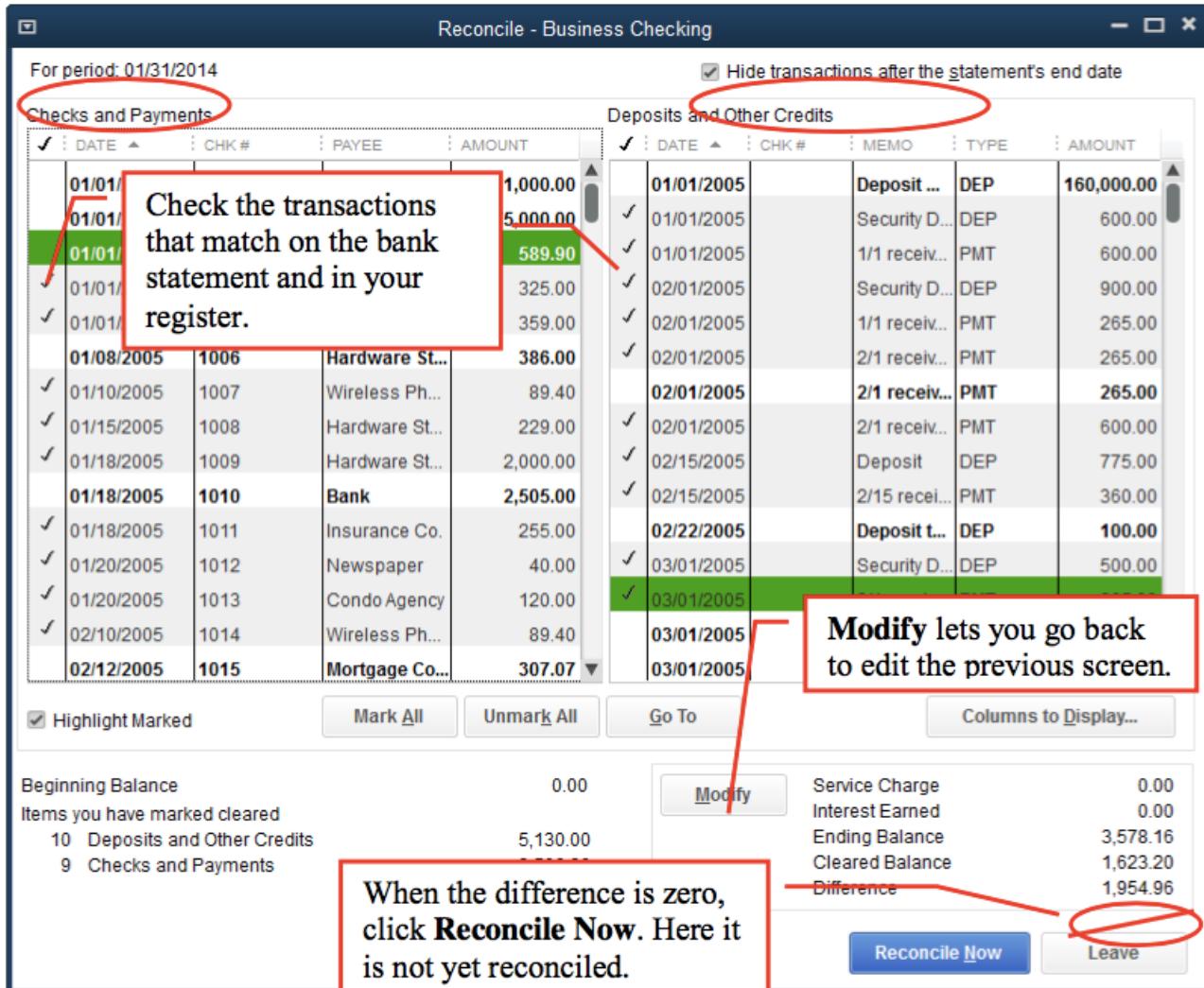
In order to more quickly reconcile every month, check the box “Hide transactions after the statement’s end date” and then check “Mark All” and often the difference is \$0.00, so skim over the transactions, and click “Reconcile Now”.

Whenever reconciliation is not balancing, it is helpful to move back halfway in your date range and try reconciling as of that date. If that works, then search forward half of the remaining until you isolate the period and transaction that is in error.

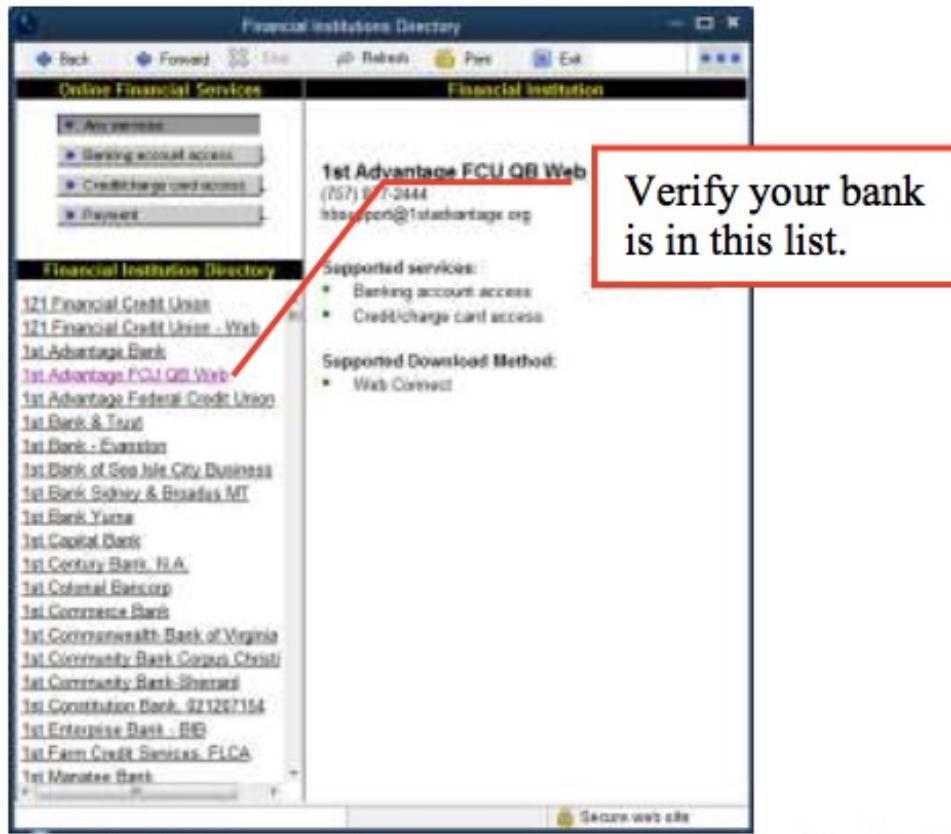
3.27 Online Banking Setup

It is suggested to choose a bank that allows online banking, and connects with QuickBooks. This allows you to download statements in order to more quickly reconcile transactions. Online bill

payment is also available. To get a list of banks that integrate with QuickBooks electronically, click in the Menu Bar: **Banking > Bank Feeds > Participating Financial Institutions.**

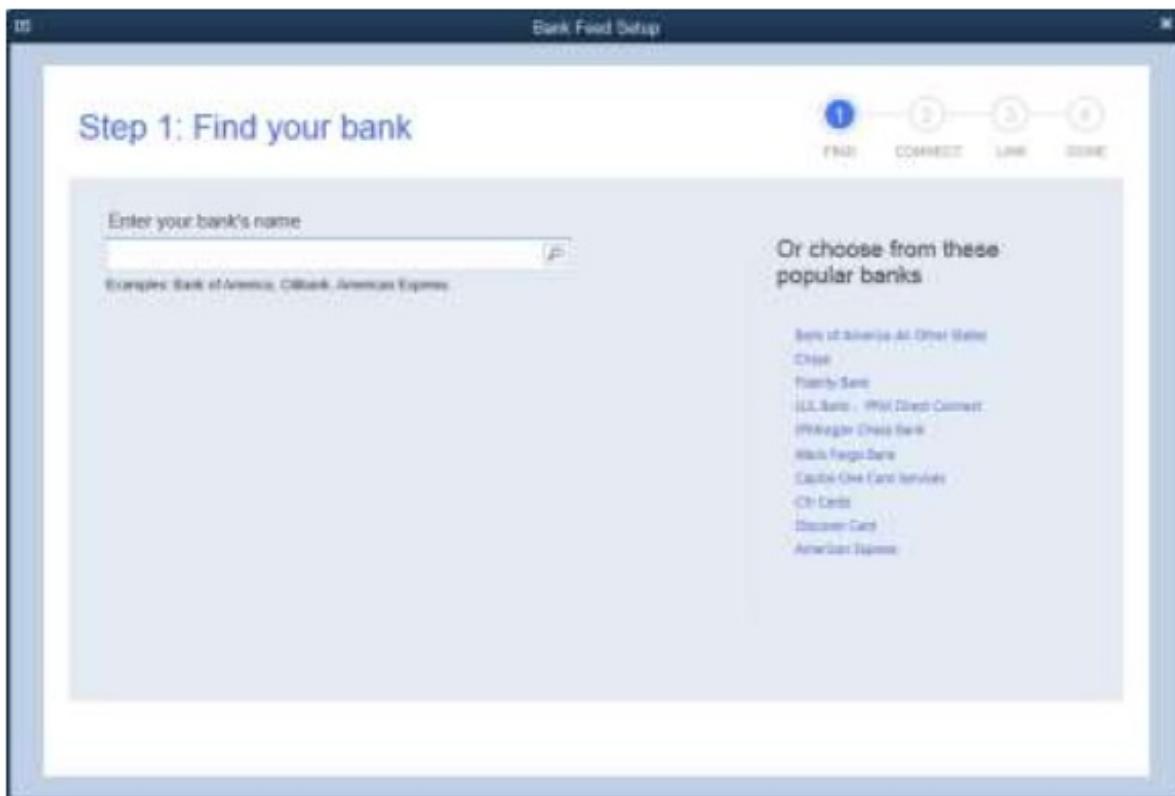


Once you know your bank offers QuickBooks integration, click: **Lists > Chart of Accounts** and right click on your checking account. Choose Edit Account.



Verify your bank
is in this list.

You will enter a wizard to set up online banking for this account. Follow the steps, and then you are done.



Depending on the bank you choose, you will be prompted to use “Direct Connect” or “Web Connect.” Direct Connect is a much faster process. It is well worth the \$10 fee your bank may charge per month.



Here are the key differences between the two options:

Direct Connect	WebConnect
Ease of Use	

Direct Connect	WebConnect
Statement information is downloaded directly from your financial institution into QuickBooks.	<p>Statement download is more complex:</p> <ol style="list-style-type: none"> 1. Go to your financial institution's Web site. 2. Sign in. 3. Find and download the statements. 4. Save the statement file to your hard disk. <p>In QuickBooks, find the saved file and import it.</p>
<i>Features</i>	
Send and receive. If your financial institution supports it, you can transfer funds between accounts and send payment inquiries and cancellations, messages, bill payments, and checks online.	Receive information only. QuickBooks can receive information about transactions your financial institution processes, but it can't send information back to the financial institution.
<i>Fees</i>	
Many financial institutions charge fees for this method. Contact your financial institution directly to see if it charges fees, and if so, how much those fees are.	Most financial institutions do not charge fees for this method.

Once the account is linked, you can click the **Bank Feeds** button on the button bar and it will prompt you to authenticate and then download the transactions.

3.28 “Split Transactions”

Think of these as one transaction that has many detailed itemizations that go to different accounts. Consider a check to reimburse someone that includes fees on several properties, and office supplies. You “split” the transaction to track everything appropriately.

Split Transactions involve more than the typical two accounts per transaction. You can have as many as you want. This is very useful, whether paying for a vendor for work associated with multiple properties, or paying interest and principle back in a single mortgage payment.

In double entry accounting you remember there are at least two accounts involved in every transaction. One is where money is coming from (or going to); the other is the income, expense, liability, or cash account that is recognizing the transaction. It is possible for three or more accounts to be involved through split transactions. An example is in the payment of mortgage principle and

interest.

Transaction	Debit	Credit	Notes
(1) cash account		\$658 decrease	Spend money for mortgage payment
(1) interest expense	\$58 increase		Recognize the interest expense
(1) mortgage liability	\$600 decrease		Decrease the principle balance of the mortgage.

A check in QuickBooks for the above transaction would look like the following.

See Also

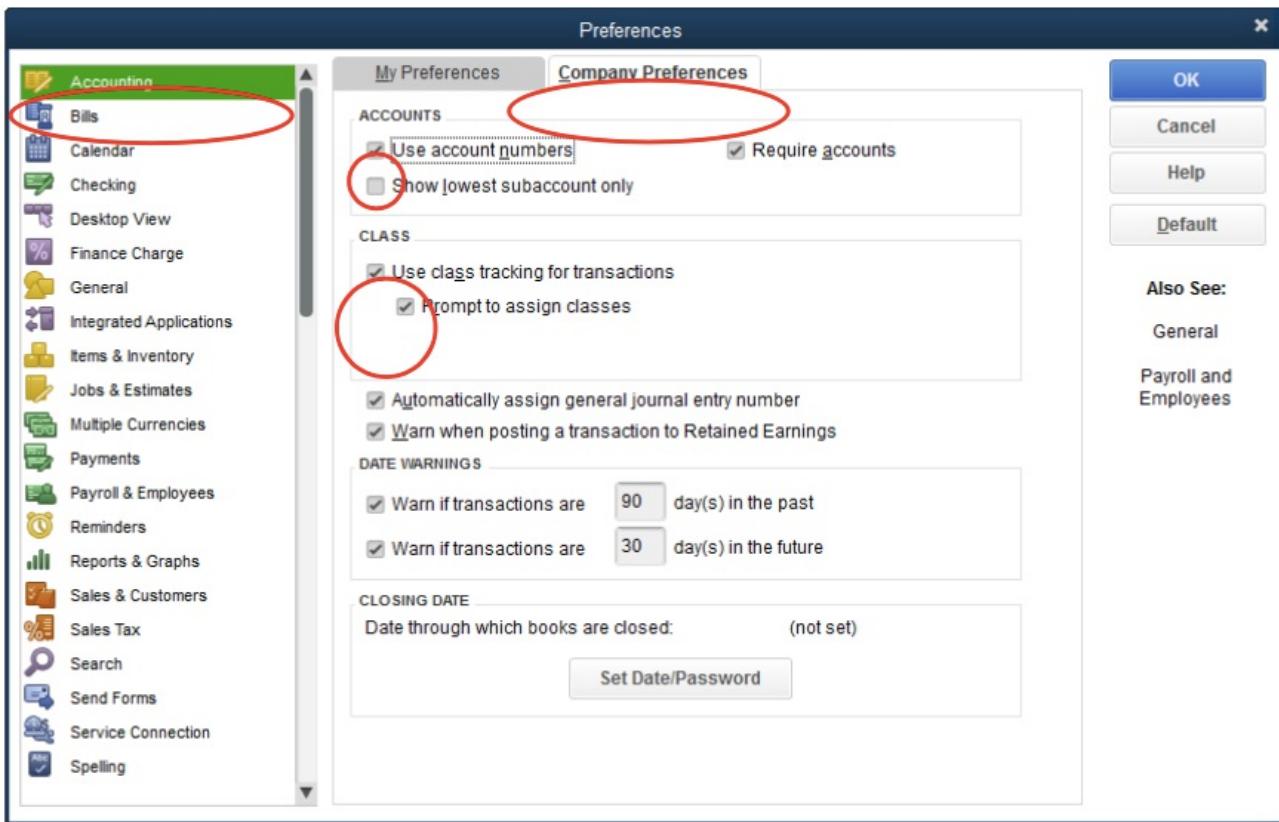


For another example of a split transaction (and when to use a negative number in the “Amount” field) see [5.13 Enter Security Deposit and First Month’s Rent Together](#).

3.29 Changing QuickBooks “Preferences”

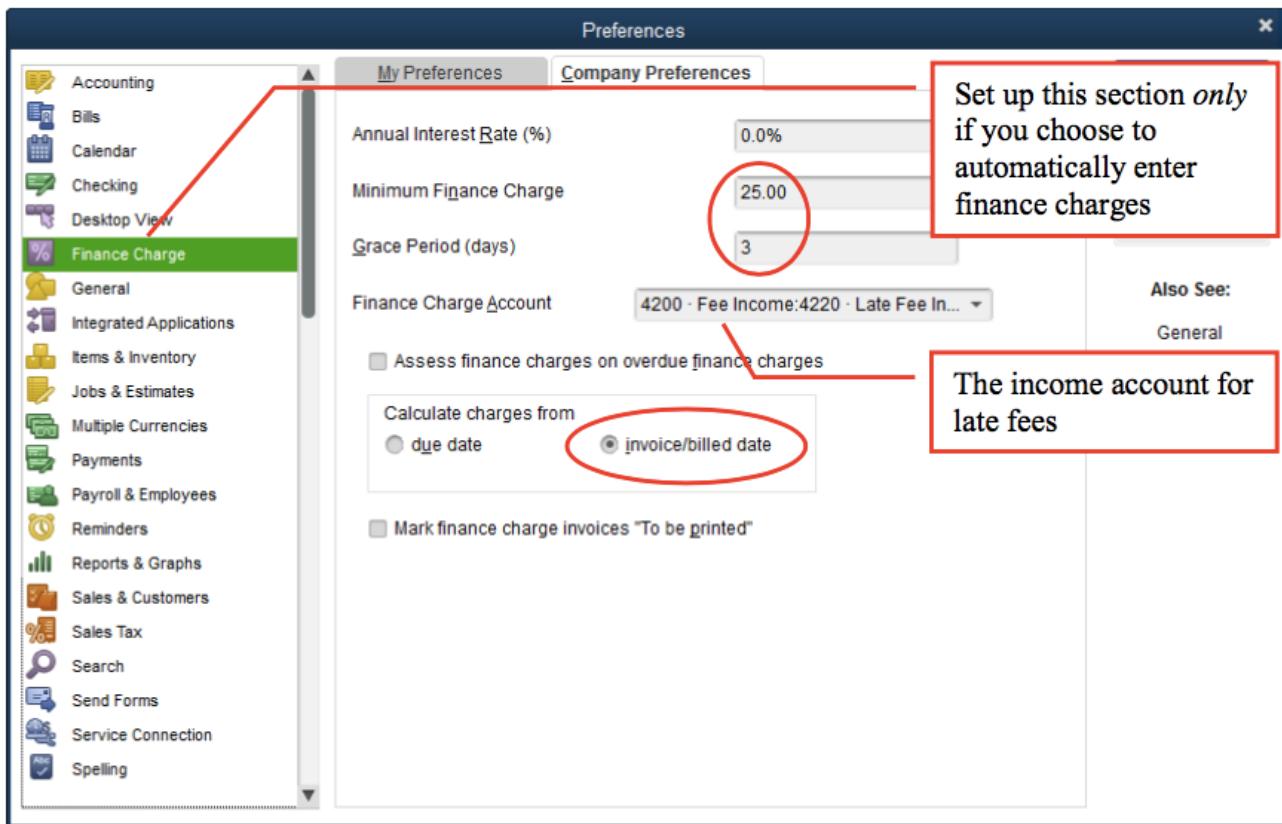
QuickBooks Preferences are properly configured in the template files included with this manual. The following are the custom changes that have been made in the template files.

Open the Menu Bar’s **Edit > Preferences...** menu option. Go to the **Accounting** section (top left icon) and click the **Company Preferences tab**. Click “use account numbers”, “use class tracking” and “prompt to assign classes.”

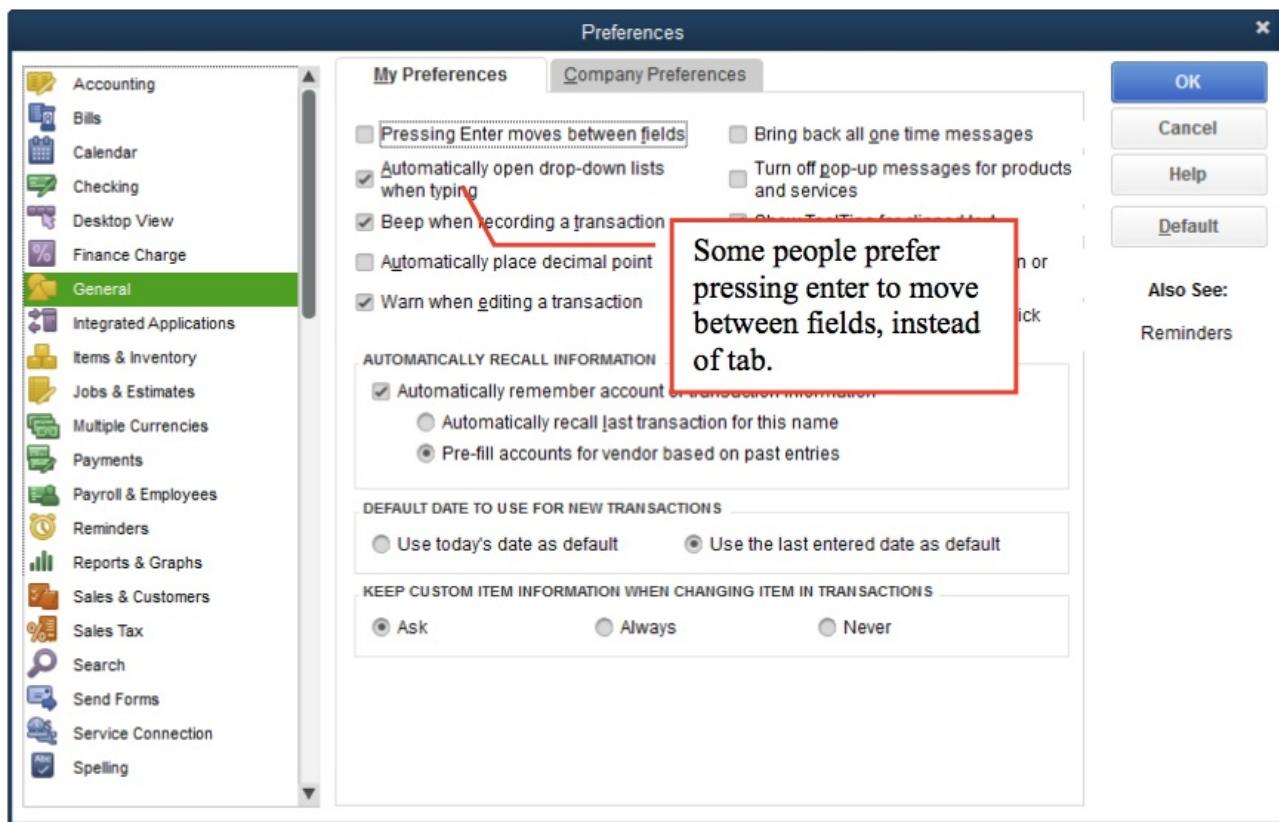


The sample data file is configured to *automatically* enter finance charges for late rent. You can always undo assessed finance charges if you later want to forgive a tenant's late fees. (Delete the finance charges invoice).

To modify this setting, go to the **Finance Charges** section. Under the **Company Preferences tab**, set your late fee and the **grace period**. Click calculate charges from the **invoice/billed** date. Verify that the account charged is appropriate for this fee income as well. The sample company file uses the account **4220 – Late Fee Income**.

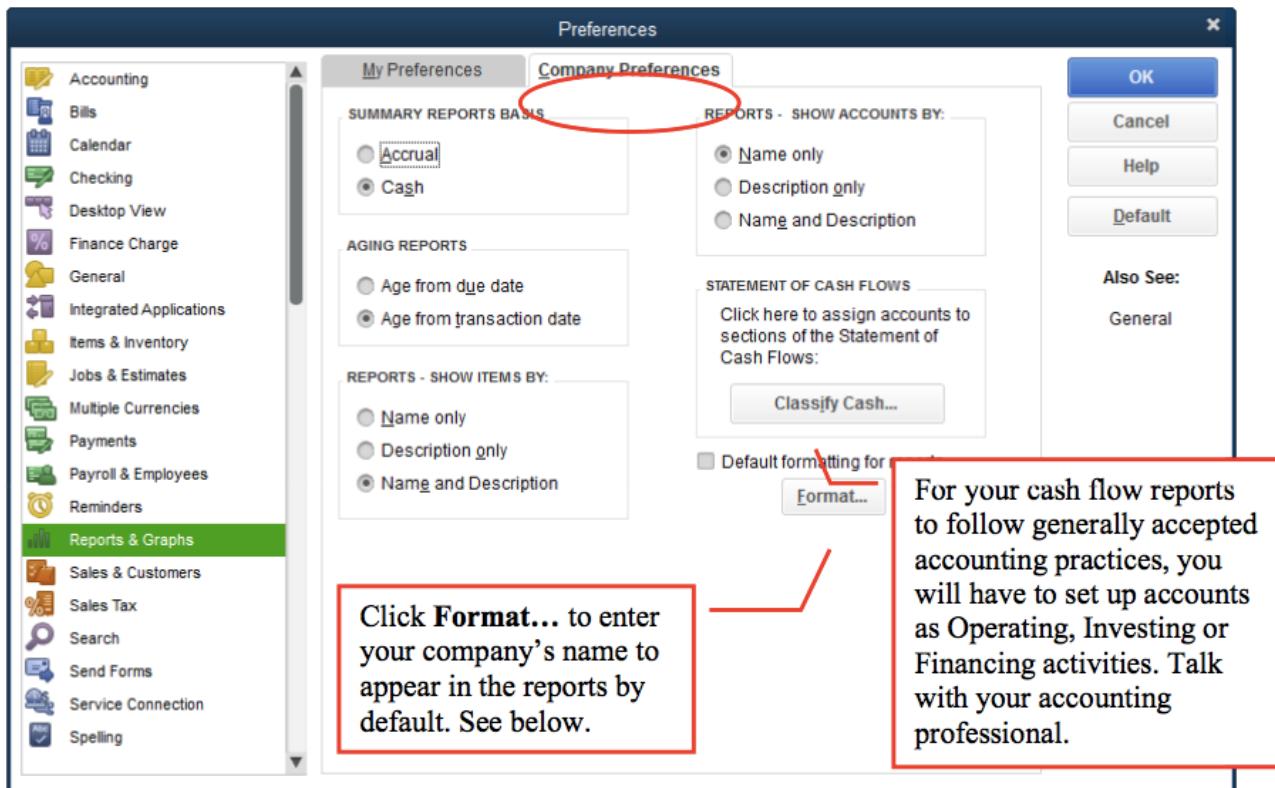


Next, in the **General** section, click the **My Preferences tab**. You may prefer to press enter to move between fields, instead of tab.



In the **Reports and Graphs** section, click the **Company Preferences** tab. Click **Format** and customize what appears on report headers.

If it is important to configure the **Classify Cash...** options in the statement of cash flows, talk to your accountant.



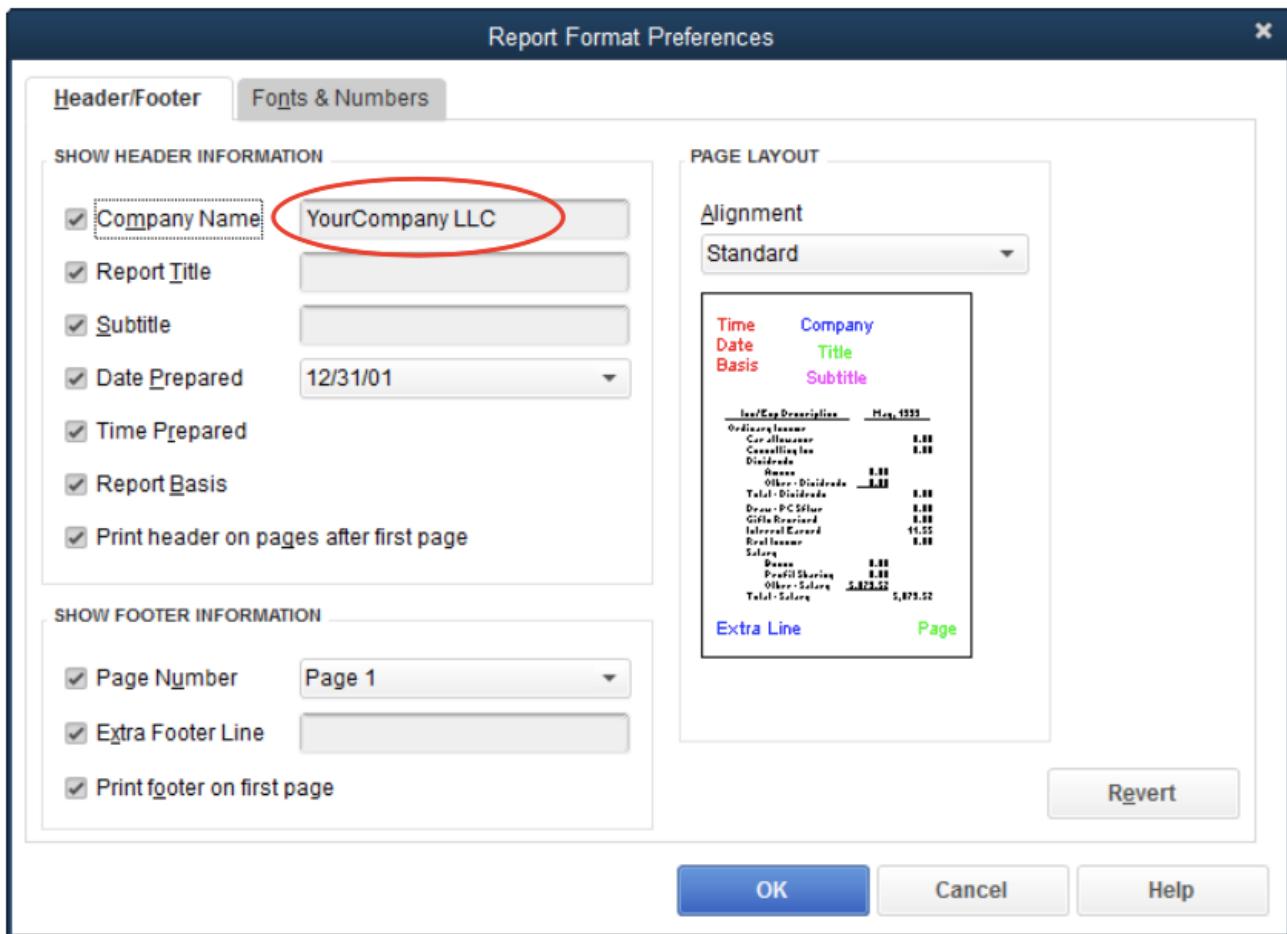
Note that only the *Summary Reports* will display on the cash basis after setting the above preference. Detail Reports will still default to the accrual method, but you can change that to cash on an individual report if you want.

See Also

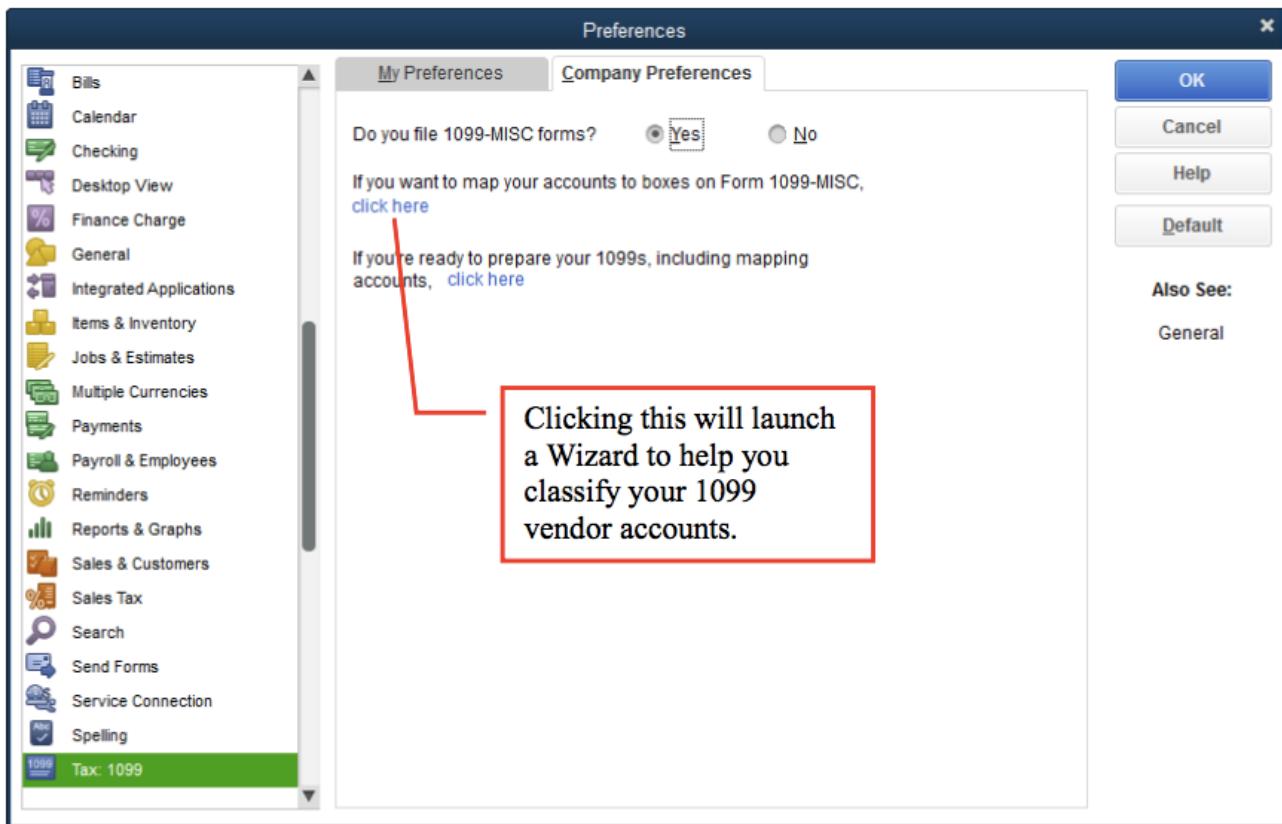


Refer to the Quick Tip clarifying cash and accrual reports in section [7.04 Profit and Loss Detail Report](#).

To have your company name appear in reports, open preferences (**Edit > Preferences...**) and choose the **Reports & Graphs** section, click the **Company Preferences** tab and click **Format...**. Change the **Company Name** field to your company's name.



If you deal with 1099 vendors, QuickBooks can automatically generate the appropriate IRS forms. You will need to check with your tax professional and set up the appropriate accounts and thresholds according to the current tax laws. Access the Tax: 1099 section and change the **Company Preferences tab**.

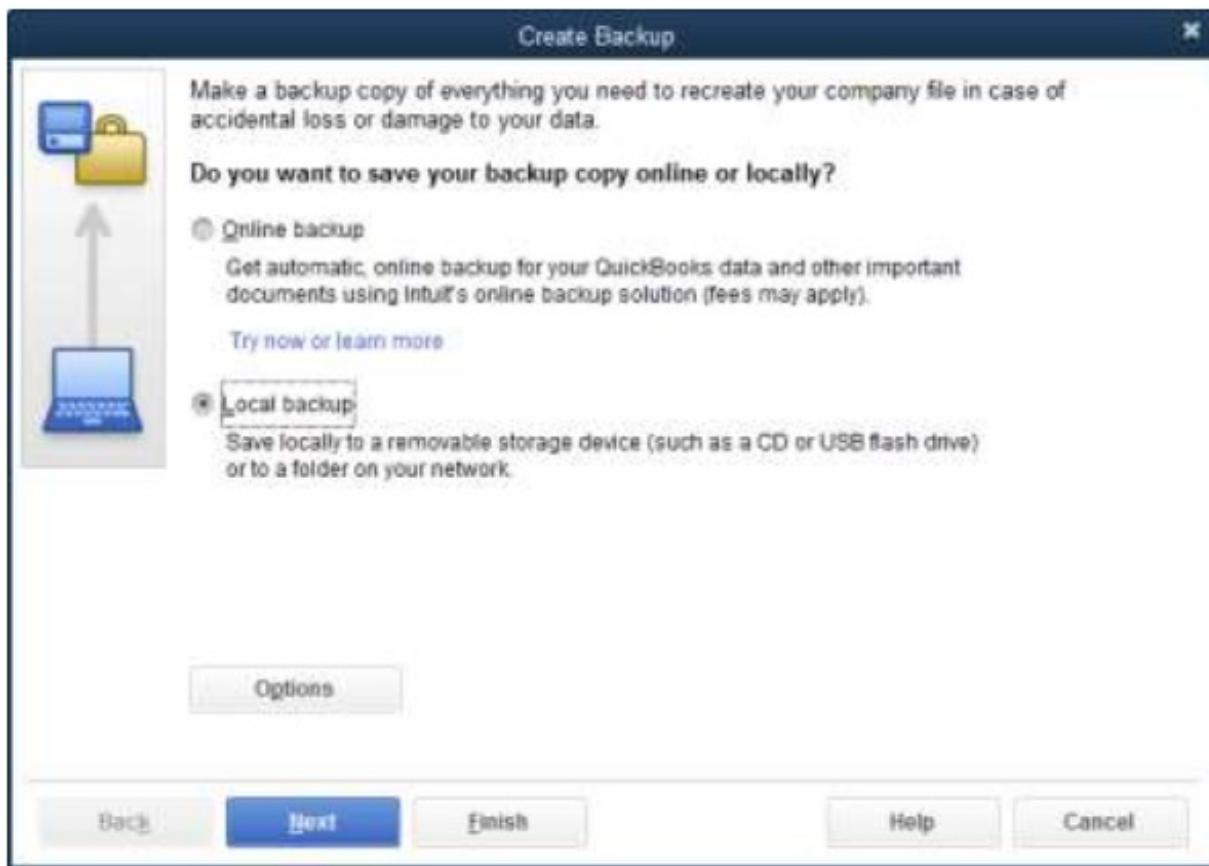


3.30 “Back up” your Company Data

As you get your accounts set up, create several intermediate backups in case you decide you want to go back and undo significant changes to your file. QuickBooks does not have a helpful “undo” feature, so creating many backups is all the more important as you are learning the software.

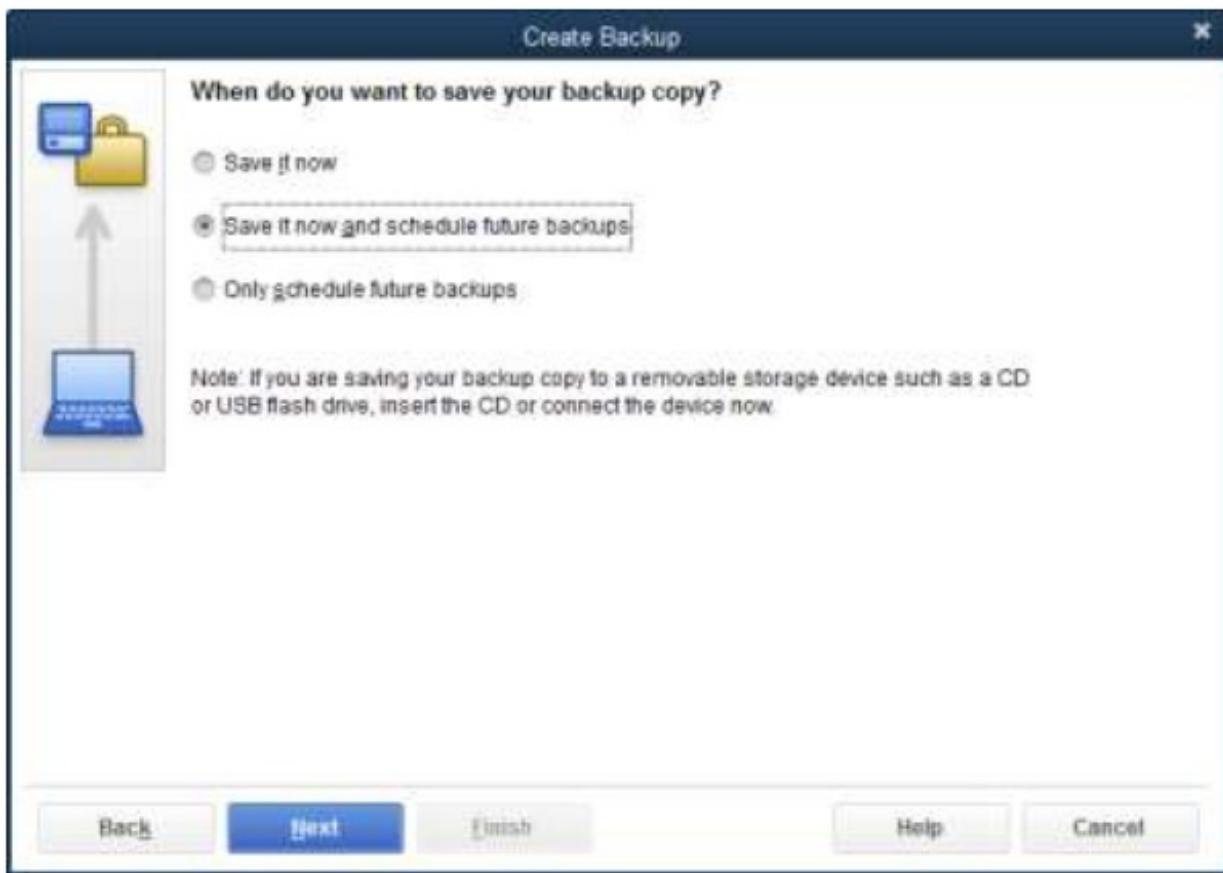
Practice restoring a backup once too, so you feel confident in the usefulness of the backups. Learn how to do that in the following section.

I suggest backing up data routinely as well as backing up before making significant changes. Click in the Menu Bar, **File > Back Up Company > Create Local Backup...** The following window appears. You can create an online or local backup.

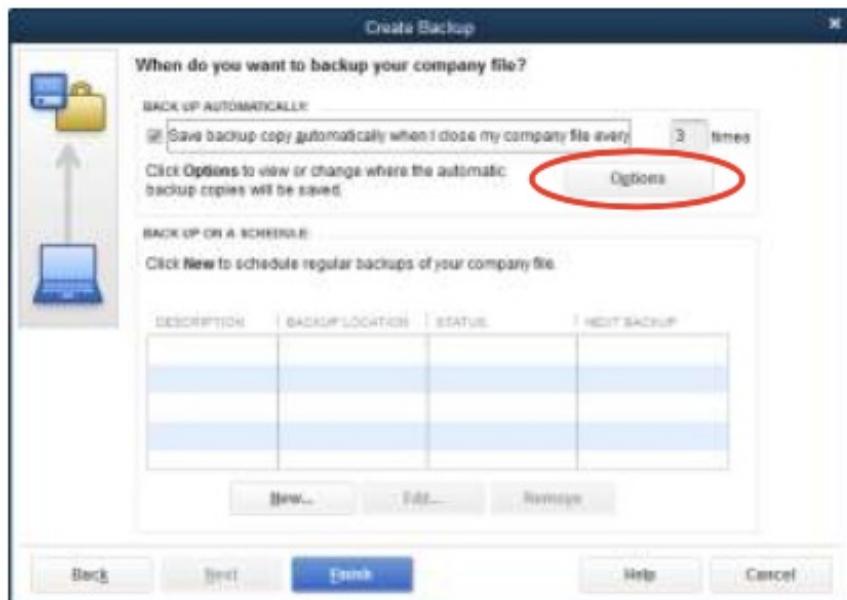


Keep several copies of your backups in different locations (perhaps with an online backup and a USB drive) so if your office is burglarized, or online passwords compromised, you will still have your data to restore to another computer running QuickBooks.

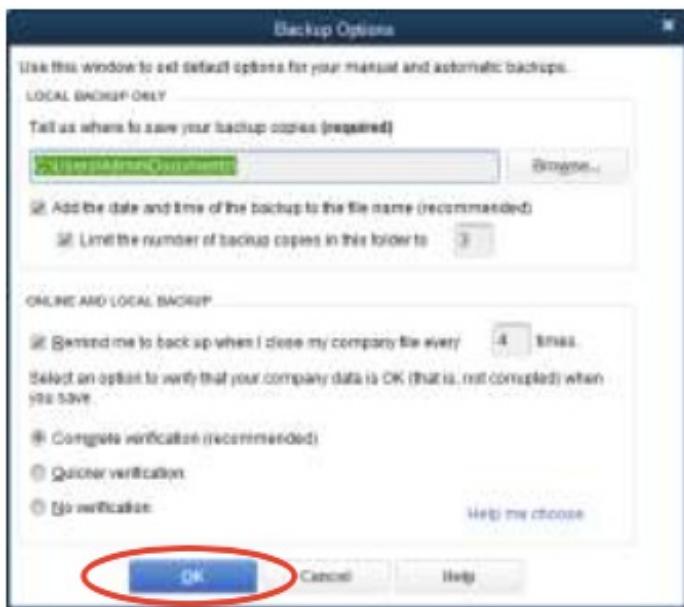
If you chose Local backup on your first time through the wizard, clicking "Next" asks you to configure when you will save the backup. Set to save now and schedule future backups.



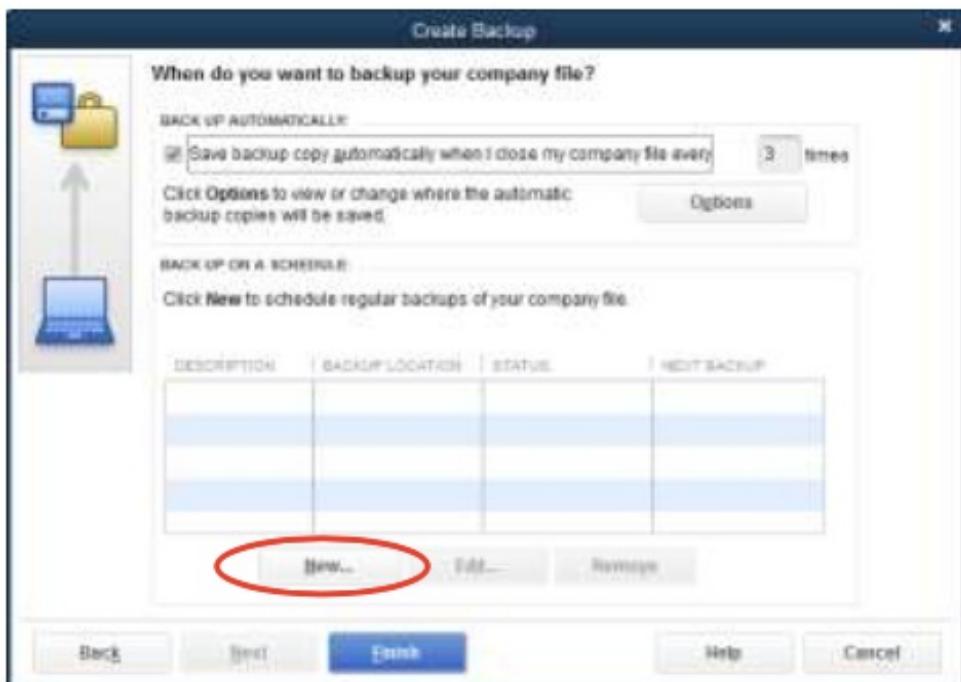
Choose the location where the automatic backups will be saved by clicking **Options...**



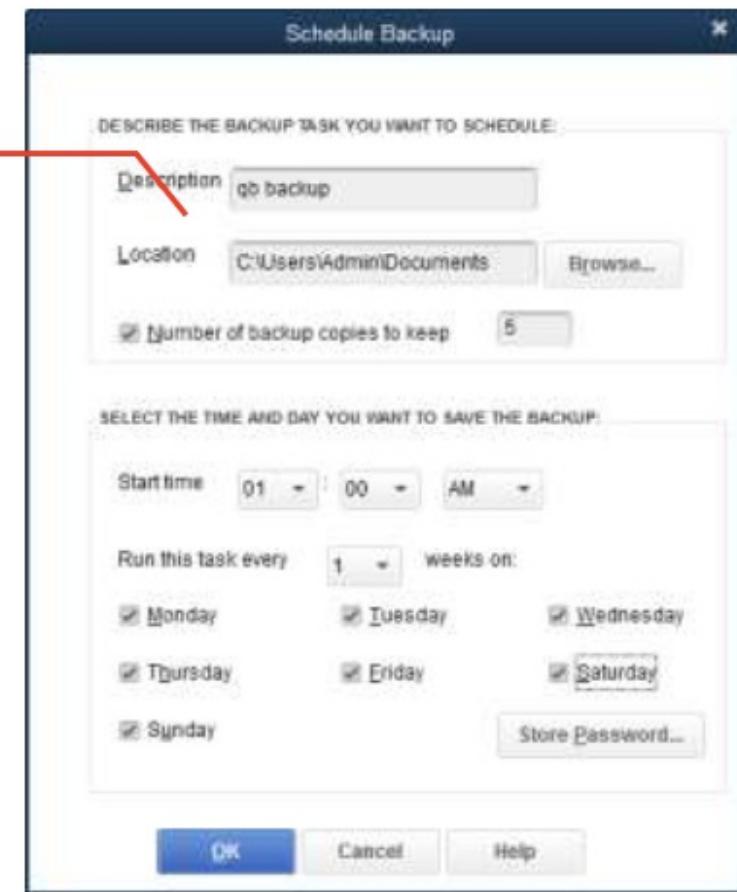
Click **OK...** to confirm the location where the backups will be saved.



Then click **New...** to set the schedule for automatic backups.



Choose how you want to schedule your backups.



Quick Tip



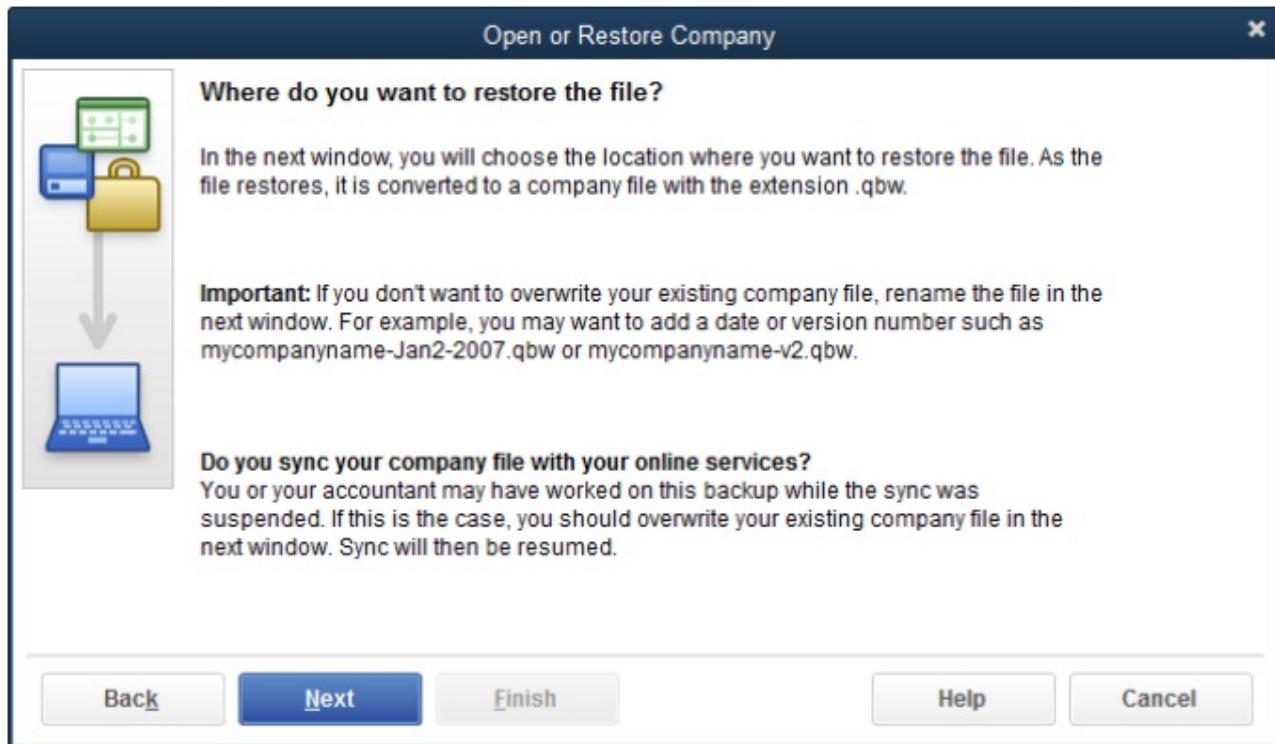
QuickBooks uses several types of files:

- Company Data Files, which have the extension **.QBW**. This is what you will always use to open and edit as your company's file.
- Backup Files, which have the extension **.QBB**. You may use this file to restore a company file.
- Accountant's Review Copy files, which have the extension **.QBX**. You create this file to send to your accountant. Accountant's Copy files ***.QBA**. Your accountant opens the QBX file and it becomes a QBA.
- Finished Accountant's Review Copy files, returned from your accountant, which have the extension ***.AIF**. After the accountant has finished making changes, it becomes an AIF file, which you can re-import into your company file.

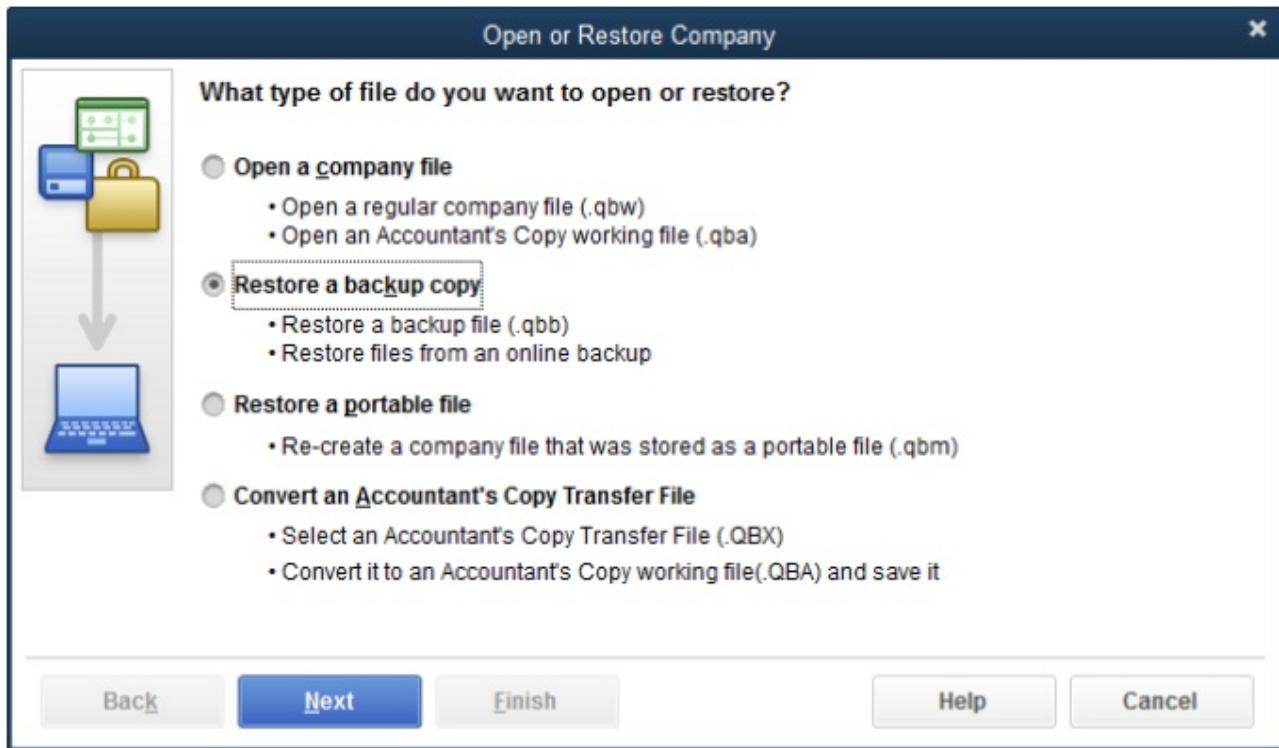
You cannot "open" a backup file; you must "restore" it. You cannot "restore" a data file; you must "open" it.

3.31 “Restore” your Company Data

If you recently backed up on this computer, Click in the Menu Bar, **File > Back Up Company > Restore Previous Local Backup...** The following window comes up. Follow the instructions, choosing to restore overwriting the old file or into a new file.



Alternatively, if you are restoring from another computer, or your file is not listed as a recent local backup, click in the Menu Bar **File > Open or Restore Company...** Choose to **Restore a backup copy**.

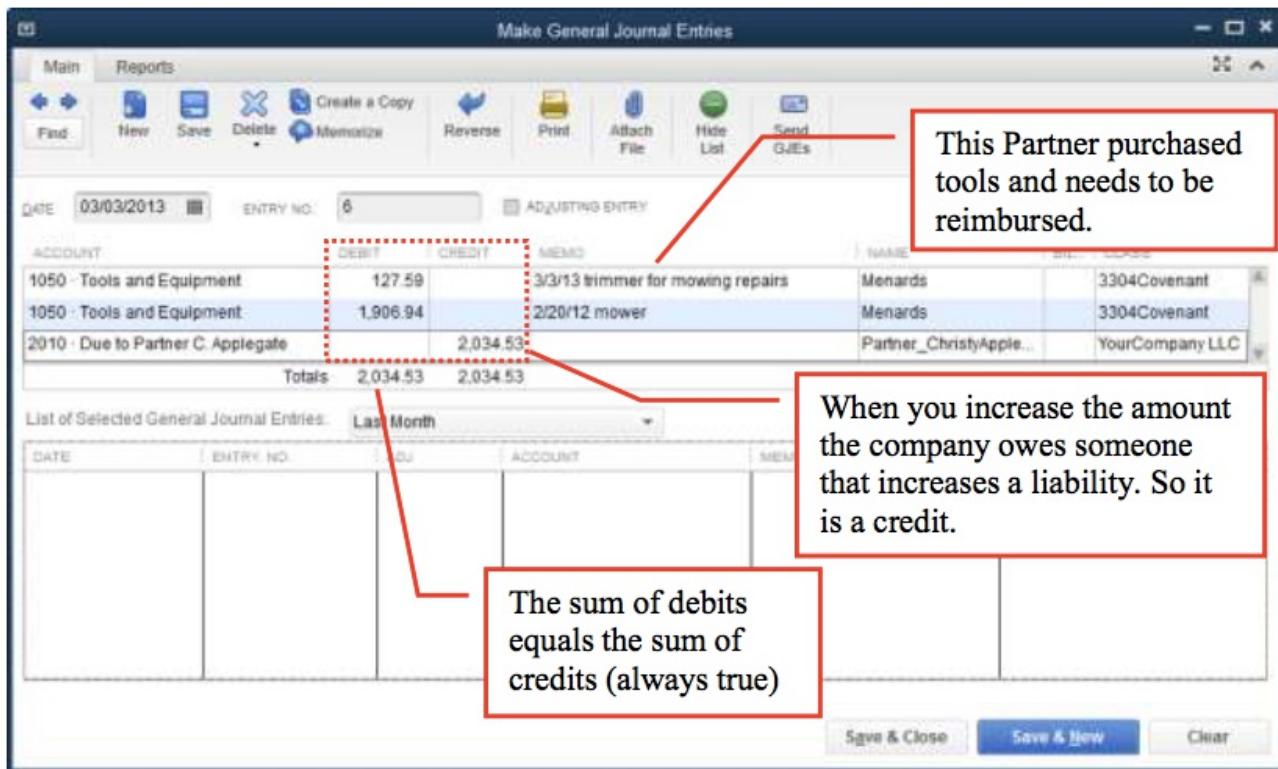


Follow the prompts, and navigate to which backup file to restore, and where you want to restore it to.

3.32 Enter Your Reimbursable Expenses in Journal Entries

It is important for many investors to reimburse people for purchases made on the company's behalf. The actual purchase could be made with an owner, employee, or vendor's personal cash, check, or credit card. Below is the format of such a journal entry. Create a new one with **Company > Make General Journal Entries...**

Observe how Christy was owed \$2,034.53 by the company. She bought a trimmer and a new mower, so they are itemized into the **1050 – Tools and Equipment** account. The classes used were to allocate where the tools were to be used for.

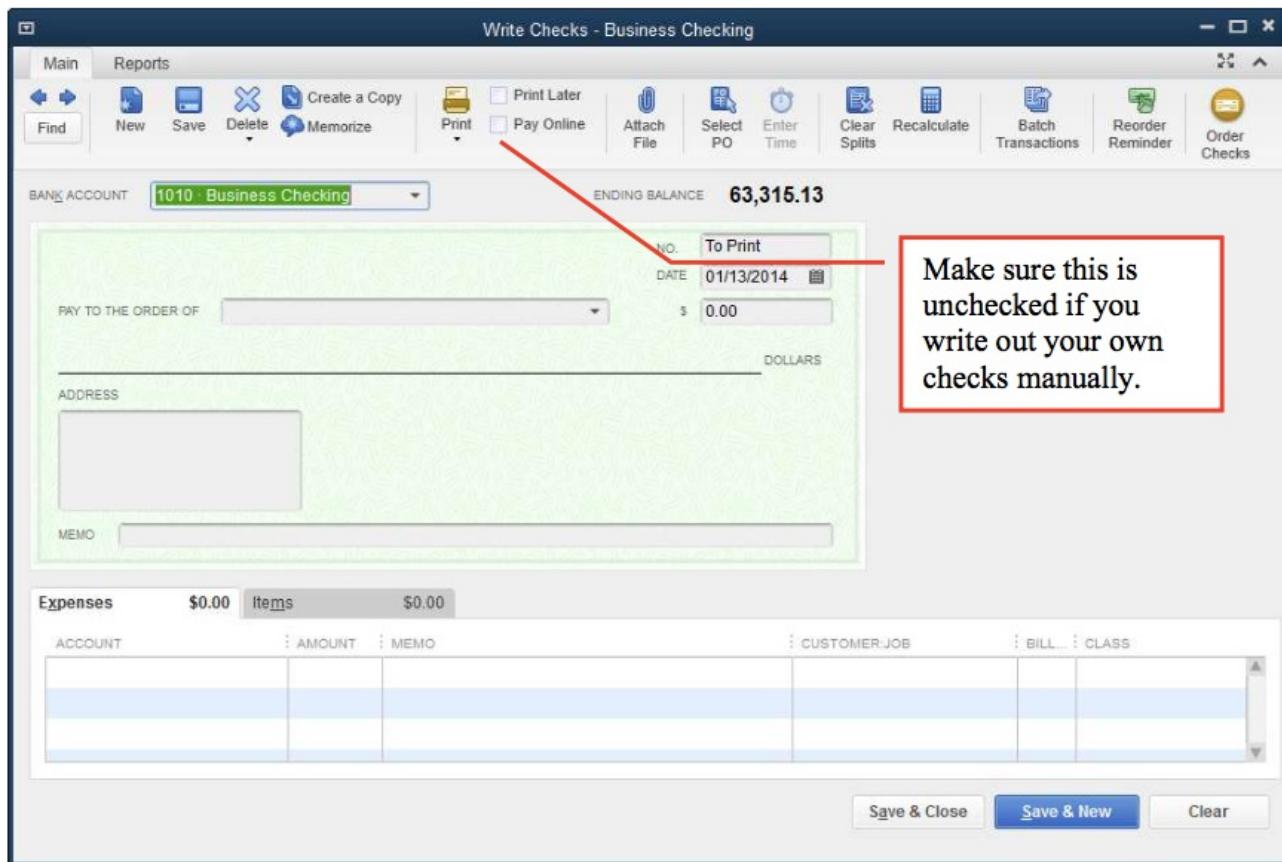


Above, it appears that 3304 Covenant is a property that would exclusively use these tools. If they were going to be general tools the landlording company could use for any property, they would be categorized into the "YourCompany" class.

Other times Journal Entries are used by accountants to rearrange account's balances. This could happen at the end of the year for depreciation, making corrections in your books and modifying capitalized assets and expenses. For instance, the accountant for Christy in the example above would probably want to create Section 179 deductions for the tools investments. This will take a journal entry to account for, and then it becomes an expense rather than a depreciable asset. Request for an explanation of all changes your accountant makes, and understand why there were made.

3.33 Writing, Ordering and Printing Checks

Three options exist with ordering checks: fill them out by hand, print them out on preprinted check paper, or print them on blank check paper with special software. First you can use a traditional handwritten checkbook register and opt not to print your checks when you enter them in QuickBooks. This works fine for a low volume of checks. Just make sure the "**Print Later**" box is not checked as shown below.



Alternatively, if you use a significant quantity of checks, check the box “To be printed” and print on checks ordered from QuickBooks or a discount third party vendor. Search Google for [QuickBooks checks](#) for a list of vendors. When you are ready to print your checks, click in the Menu Bar, **File > Print Forms... > Checks...**

The last option is to print the checks out as before, however you can save money and increase security by not ordering custom checks and instead just getting the check stock and printing out the checks with all the codes and routing numbers yourself. I have not done this, although <http://www.wellspringsoftware.com> offers Print Boss software and the right paper to do this. If you like this, please share it with us on the forums.

3.34 Payroll Options

QuickBooks offers several levels of add on service to run payroll (including features like direct deposit.) Third party companies offer services as well. Search QuickBooks’ help for detailed information on [payroll](#).

Furthermore, for many small businesses Square Payroll is a good option:
<http://squareup.com/payroll>.

See Also

QuickBooks offers numerous payroll options, depending on how much you want them to do for you. Check out <http://payroll.intuit.com/> for more details.

3.35 Suggested Approach to Starting Your Company File

You've done it. You understand the basics of the QuickBooks environment, and how it applies to rental properties. It's almost time to enter your own company into QuickBooks!

A word of caution: learning to use QuickBooks is a process. Initially, you will ideally run two sets of books (your existing system and QuickBooks) because as you learn, you will make mistakes and need a backup bookkeeping system. Some people commit to continue using their current bookkeeping method until the end of this tax year. Switch over fully to QuickBooks when your accountant agrees that the data you have been entering is correct and he or she is willing to accept QuickBooks files or reports. Skim through the next several chapters to see how different types of transactions are handled.

Start making lists below for your company corresponding to each of the following QuickBooks terms. Then open the sample data file without data and add your custom information. You may not be able to fill everything out in this list. That is expected; however, as you work through this book, add what you will need in your file to these lists.

Deciding Classes

I suggest a different class for every property. In multi-units, create sub- classes for each unit and one sub-class for common area maintenance. Sample entries follow.

Class Name	Corresponding Property
123SampleSt	123 Sample St, Anytown, USA 54555

Class Name	Sub-class	Property
3304Covenant	A	<i>3304 Covenant, Unit A</i>
3304Covenant	CAM	<i>3304 Covenant, Common Area Maintenance subclass</i>

Accounts.

Reference the Chart of Accounts section on page 57, and open the sample company file. Do you need any additional accounts (vending machines, laundry income, etc.)? How many properties (fixed asset accounts) will you include? Add another digit if there are not enough account numbers for all the sub accounts you will need in Real Estate Assets (Account numbers **1301** through **1998**), Mortgages (**2201** through **2299**), and Security deposits (**2301** through **3009**). RE Assets' range becomes 13010-19980, for instance.

List new custom, Fixed Asset, Mortgage and Security Deposit accounts to add:

Type	Account #	Custom Account Name	Details

Items

I suggest using the sample file's items, possibly adding more if you have other sources of income like coin vending, laundry, etc. Then link them to the appropriate account you may have listed above,

or that already is in the QB file.

Item Name	Type	Account	Details

Customers Customers represent properties in our setup. You need a list of every property you own or manage.

Customer (Property) Name	Address	Notes

Jobs Make a list of every tenant, and their addresses and unit.

Tenant Name	Property (Customer)	Notes

Custom Fields Custom Fields for Customers or Jobs. For more information about custom fields, see section [7.16 Building Insurance Expiration and Status Report](#).

Custom Field	Why you need it?	Applies to Customers, Jobs or both?	Details

Vendors Make a list of who your company pays on a regular basis. Looking back into old check books is often helpful. Include 1099 contractors.

Vendor Name	1099?	Address	Contact	Phone	Custom Fields

Employees If you have employees, you will need all of their personal information, including SSN's.

Employee Name	SSN	Address	Phone	Details

Other Names If your company is an LLC or partnership, the owners belong in this list to receive distributions. Also people whom you reimburse for purchases on the company's behalf belong here.

If you make an offer to purchase a property, the seller would go here. Refer to QuickBooks help for details.

Name	Phone	Details

You will use the blank template file that includes our suggested customizations and Chart of Accounts. First browse to the folder you downloaded **Landlord Accounting Company Template – no data.QBW** into. Copy that file, and rename the copy to whatever your company is, **Your Company Name.QBW**.

Open up QuickBooks. In the Menu Bar click, **File > Open Company...** Browse to and open the file you just renamed **Whatever Your Company Name Is.QBW**.

Quick Tip



Do not use the sample data file for your company, it is full of entries! **Rename the blank template file** for your own company, and then open it. It is called **Landlord Accounting Template File – no data.QBW**. If you forget to rename the file before opening it, close QuickBooks and you can rename it in Windows Explorer at any time.

When you start editing the template file (without data) you will need to remove a few accounts, classes, customers, etc. I've included them as a convenient reference. Be sure to remove the following. You can delete accounts or items by highlighting them and pressing **Ctrl + D**, or **Edit > Delete**. Some of the accounts may be marked as inactive, be sure to check "include inactive".

- Accounts: 1301, 2101, 2201, 2301, and 3010 – 3023
- Two classes: for a property and the company (**Lists > Class List**)
- One customer and job (**Customer Center**)
- Two partners are left in the Other Names List. (**Lists > Other Names**)
- Several vendors are included, however you will want to delete or customize them
- Common rental Items are included; however you may need to customize them
- Edit your company information too (**Company > My Company...**)

Caution



I suggest you make a backup copy of the sample data file and the blank template file. Refer to section [3.30 “Back up” your Company Data.](#)

You will enter all the information in the previous pages' tables into QuickBooks. Keep reading the following pages for specific instructions to enter all of your information. Consulting the Table of Contents at the beginning may be helpful. Make frequent backups of your data file. Every question should be answered between this manual (check table of contents) and your accountant.

If something is not clear, first check the table of contents, then the support forum at <http://LandlordAccounting.com/forum>, and or contact me by email: info@LandlordAccounting.com. Include the date you purchased this book and your email address or other contact information used at the time of purchase.

3.36 You Must Complete Company Information

It is not necessary to run the EasyStep Interview. Most of the preferences are already set up in the template file specifically for real estate investors. However, you still must set up the Company Information. This includes the business's name, address, and the tax form it files.

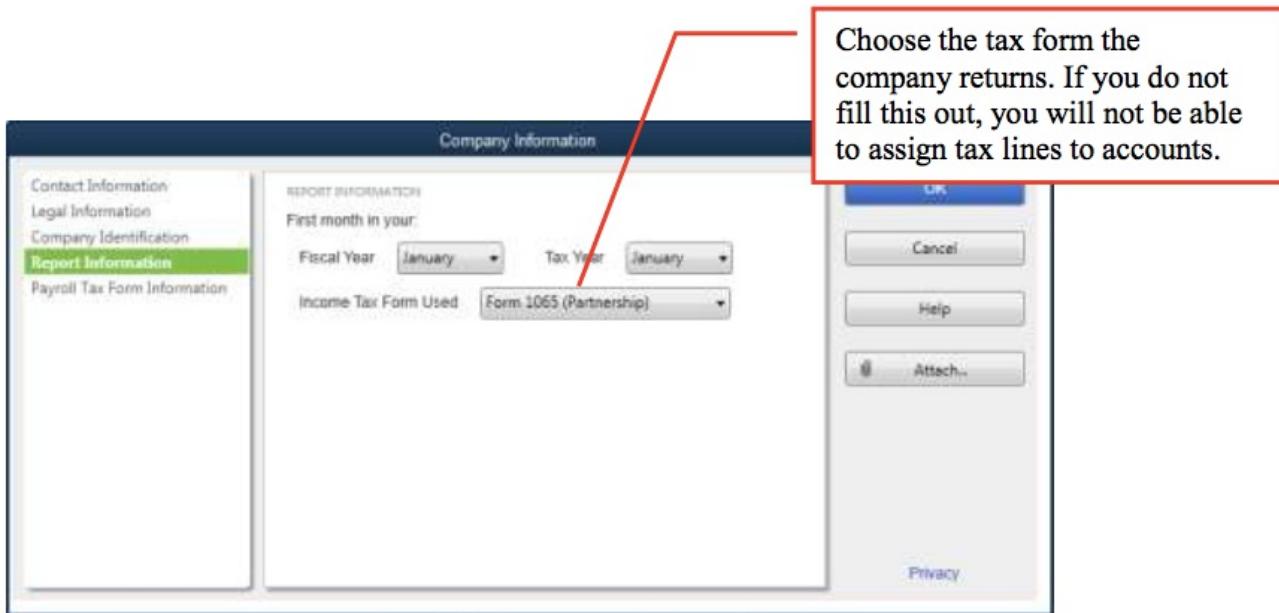
Access this from the Menu Bar. Click **Company > My Company...**

Caution

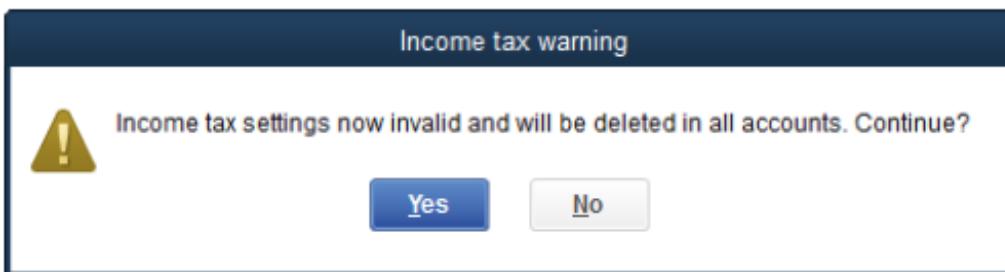


If you do not complete the Company Information, your company file will not contain any information about your specific company. You also will not be able to assign tax lines to accounts.

The screenshot shows the 'Company Information' dialog box. On the left, a sidebar lists 'Contact Information', 'Legal Information', 'Company Identification', 'Report Information', and 'Payroll Tax Form Information'. The main area is titled 'CONTACT INFORMATION' and contains fields for 'Company Name' (set to 'YourCompany LLC'), 'Address', 'Country' (set to 'US'), 'Phone No.', 'Fax No.', 'E-mail', and 'Web Site'. A red line points from the 'Caution' section above to the 'Company Name' field. To the right of the dialog, a red-bordered callout box contains the text: 'Fill in all pertinent company information. This will be used in reports as well as for tax preparation assistance.'



If you change the tax form, you will see the following prompt. This is expected, click "Yes."



It means you next need to go to the chart of accounts and right click Edit Account on each of the accounts that should correspond to a custom tax line item. Verify or set the tax setting on that account. If your accountant prepares your taxes, this does not matter. He or she will take care of it.

Chapter 4: Property Tasks

4.01 The Basics of Properties in QuickBooks

Properties are “Customers” and “Fixed Assets” and “Classes.” By setting things up this way, you will gain the maximal efficiency and reporting detail. You can glance at the sample company file to get an idea of how this is set up.

Properties the company owns are considered a “Fixed Asset” account in QuickBooks. If there is a mortgage, then another account, a “Long Term Liability,” is also created. In the account numbering convention used here (see the template file) real estate properties go as sub- accounts under **1300 – Real Estate Assets**. Giving each property a unique account number, there is room for 699 real estate asset accounts (accounts numbered **1301** through **1998**). If you need more numbers, switch to a 5 digit account numbering system – appending a zero to all the accounts in the template file.

All properties are also “Customers” in the Customer Center. Tenants are “Jobs” attached to a Customer (property). This gives us hierarchy and organization in reporting about tenants.

See Also

For more information about adding Customers (properties) to the Customer Center, see section [3.06 Properties are “Customers” in the “Customer Center”](#).

The easiest way to add accounts is to first look at the Chart of Accounts. Click in the Menu Bar, **Lists > Chart of Accounts** (or press **Ctrl+A**). Then click the **Account** button and **New** (or press **Ctrl+N**). More detailed instructions follow below for special cases.

See Also

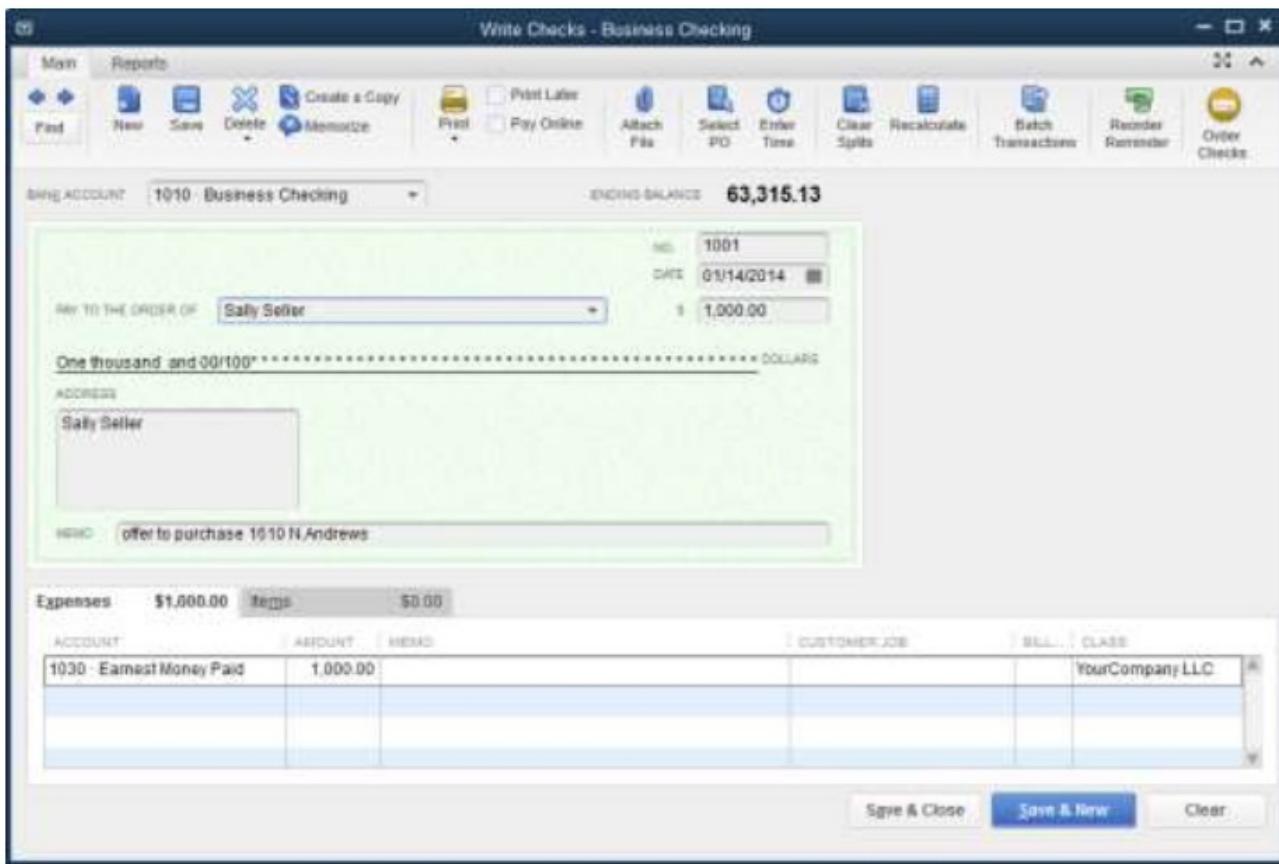
For help in deciding when to Debit and when to Credit, refer to section [2.05 Debits and Credits](#).

4.02 Record Earnest Money in an Offer to Purchase

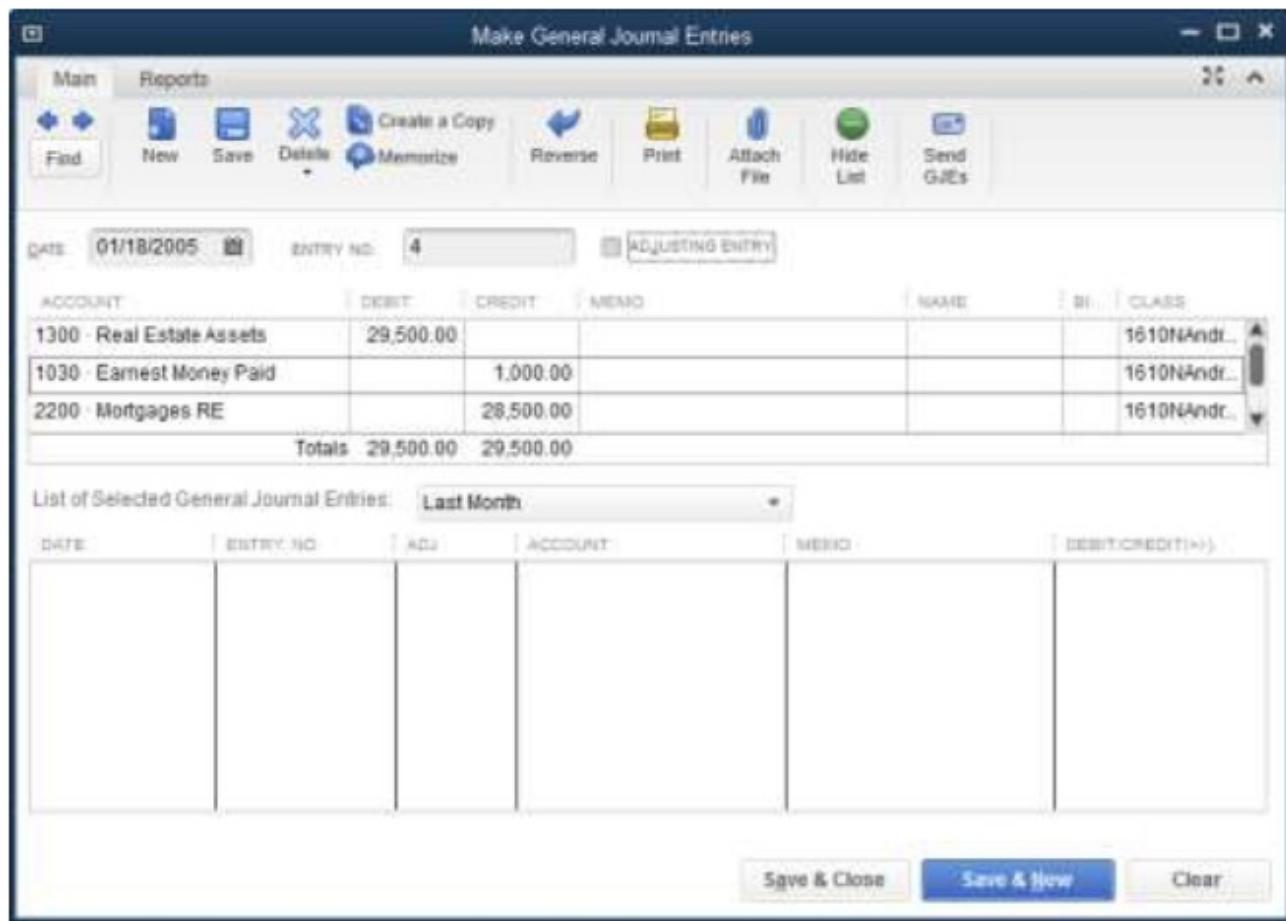
In almost every sale, a deposit is made by the potential buyer along with the terms of the offer. This is earnest money, and it is held by the broker until the offer is accepted or rejected. If accepted, it decreases the amount the buyer must bring to the table at closing, and if rejected it is immediately returned.

From the buyer’s perspective (your perspective), this money is no longer in your checking account, but it is still an asset. When you make an offer and are writing the earnest money check select the

line item as **1030 – Earnest Money Paid**, an “other current asset” type account. Use the class of your company: YourCompany LLC, because you don’t know if the offer will be accepted yet. Later, if it is accepted, you will create a new class and associate the money with that class.



If the offer is accepted, at closing treat the earnest money as cash you would bring to the table. Include a line in the closing journal entry crediting (decreasing) **1030 – Earnest Money Paid** asset account. Use the new class of the new property.



If the offer is not accepted, the broker will give you back your check (voided) or cut you a new check for your earnest money amount. If you are cut a check, deposit this (**Banking > Make Deposits**) into your checking account, crediting (decreasing) the “1030 – Earnest Money Paid” asset account.

At the end of a year you can generate a report to show all transactions into and out of the earnest money account. In **Lists > Chart of Accounts**, right click on the Earnest Money Paid account and choose **QuickReport: 1030 – Earnest Money Paid**. The net balance will be zero (or the amount of pending offers’ earnest money).

4.03 Record a Purchase with Cash

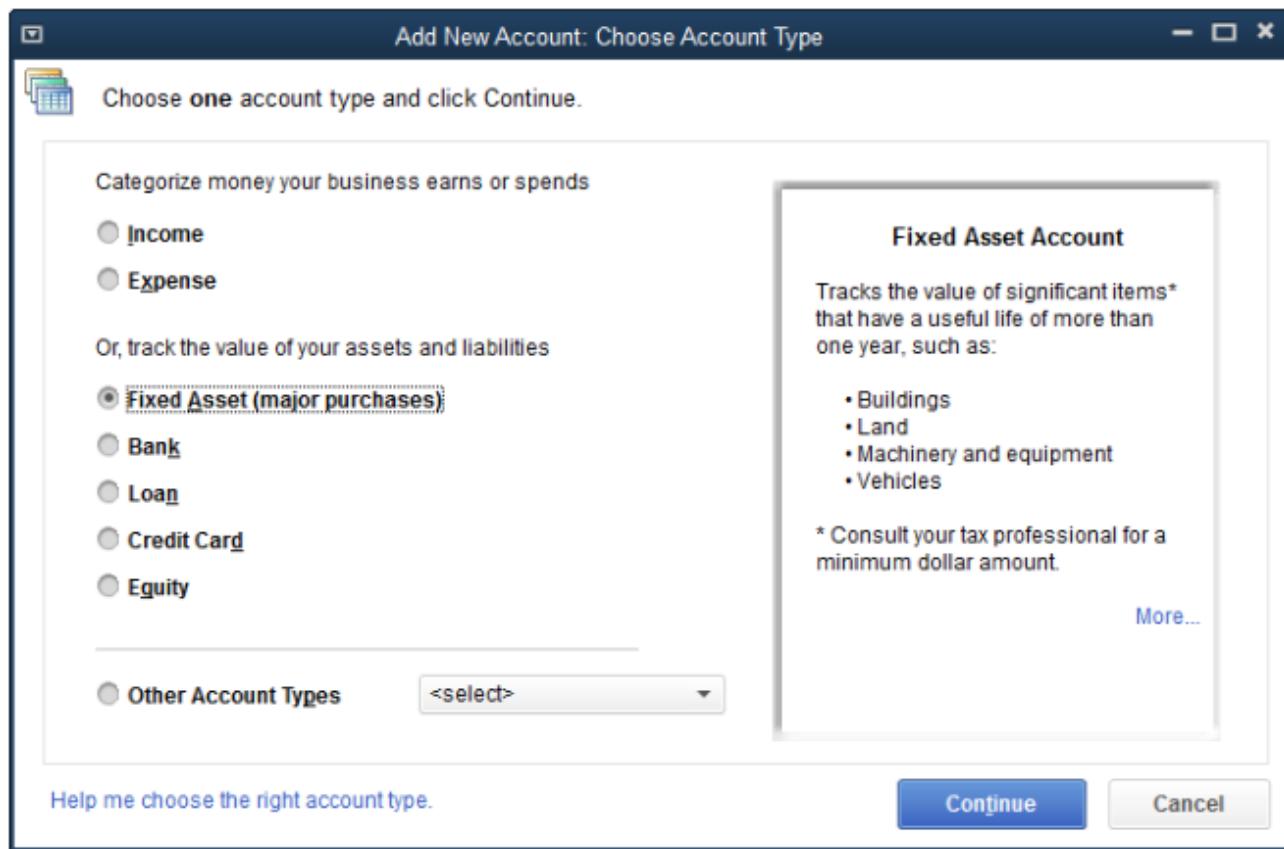
Caution



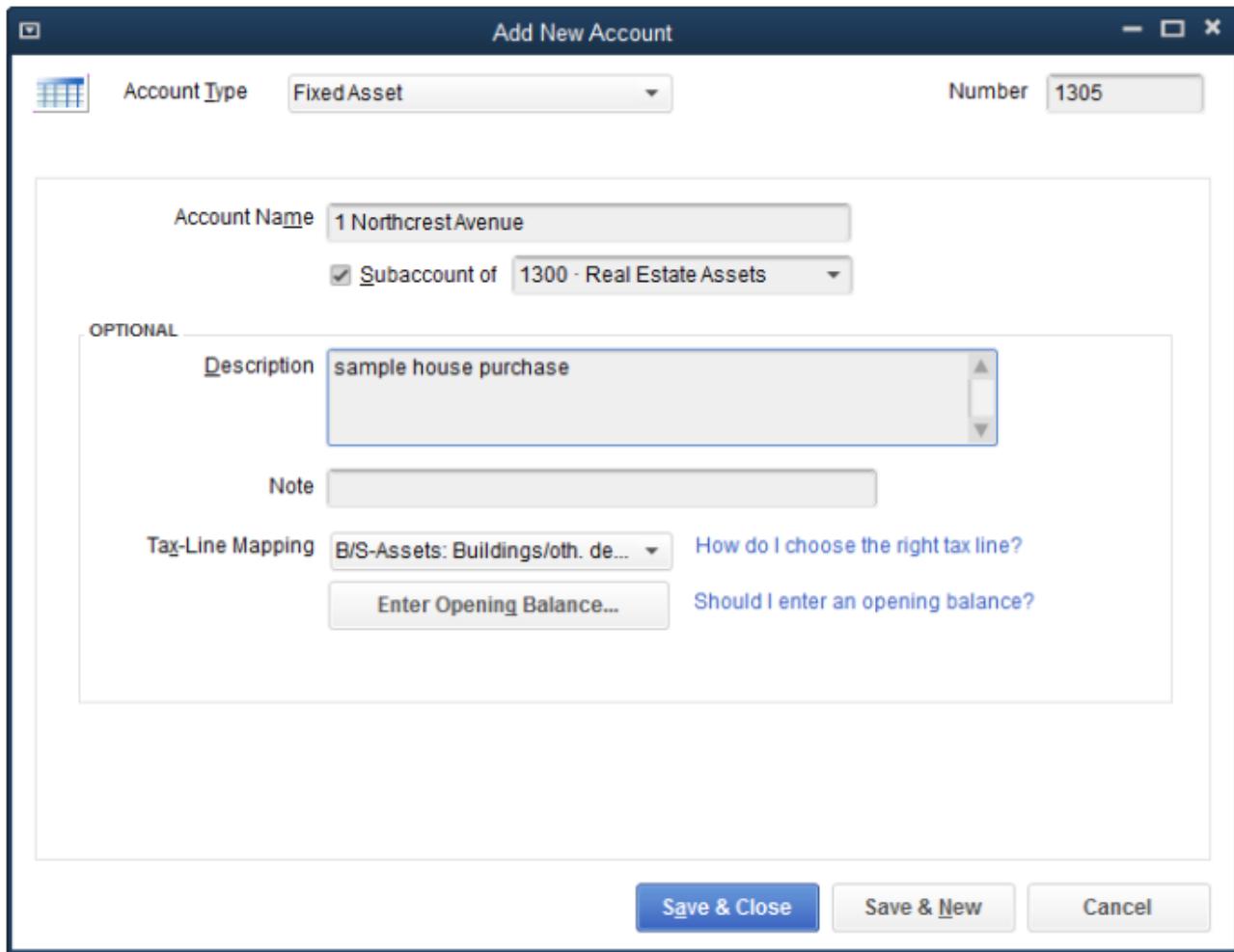
When you buy a property, talk to your accountant for specific advice in handling the different itemized lines on the settlement statement. Commissions, points, closing fees, recording fees, property tax credits, etc. all affect the purchase. Before you record a property in QuickBooks, talk to your accountant to correctly enter your transaction.

This is the simplest property transaction possible. Create a new fixed asset account for the property

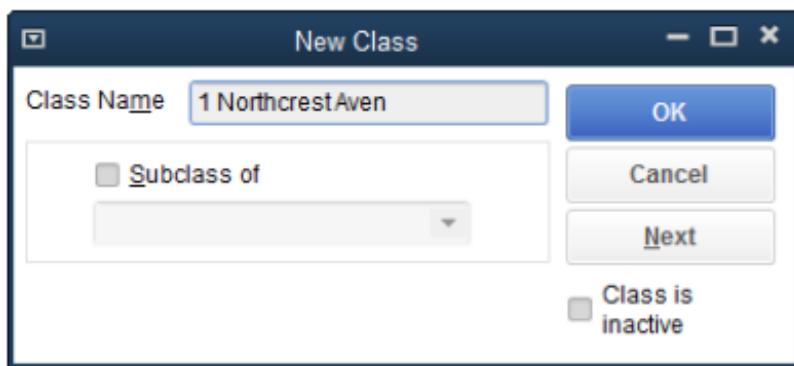
(from the Chart of Accounts press **Ctrl+N**).



Click “Continue” and fill in the remaining fields of the form.



Create a new class for that property. Click **Lists > Class List**, and add a new one with the property's address.

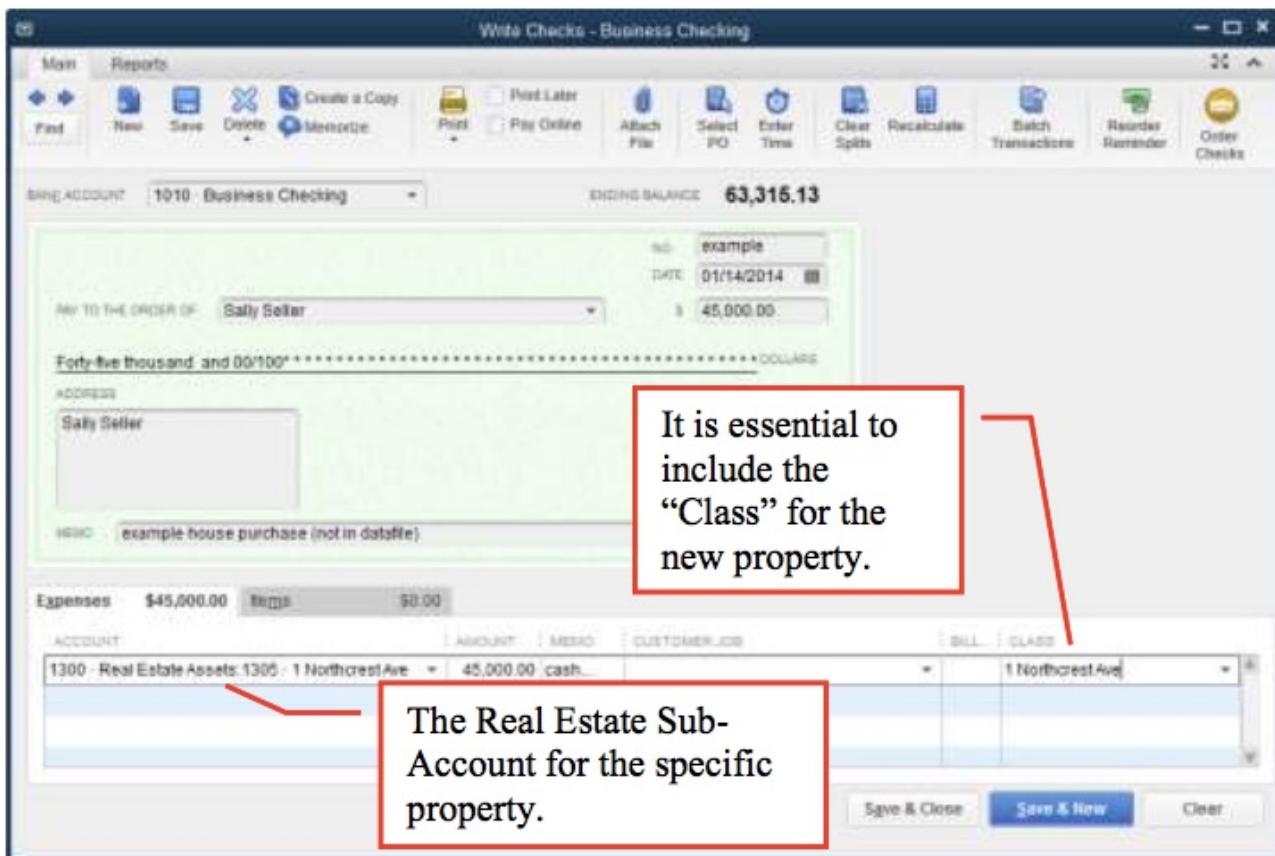


Create a new Customer for that property. Click **Customers > Customer Center** and add a new customer.



It is best practice for the class, customer, and fixed asset account all to have the same punctuation and spelling.

Since this example is for a cash purchase, write a check to pay for it. It is likely you will use a cashier's check, paying to the order of the bank. However, in the example below it is written to the seller.



If you used some type of loan to get that cash, continue reading the next few sections.

4.04 Record a Purchase with a Conventional Mortgage

Caution

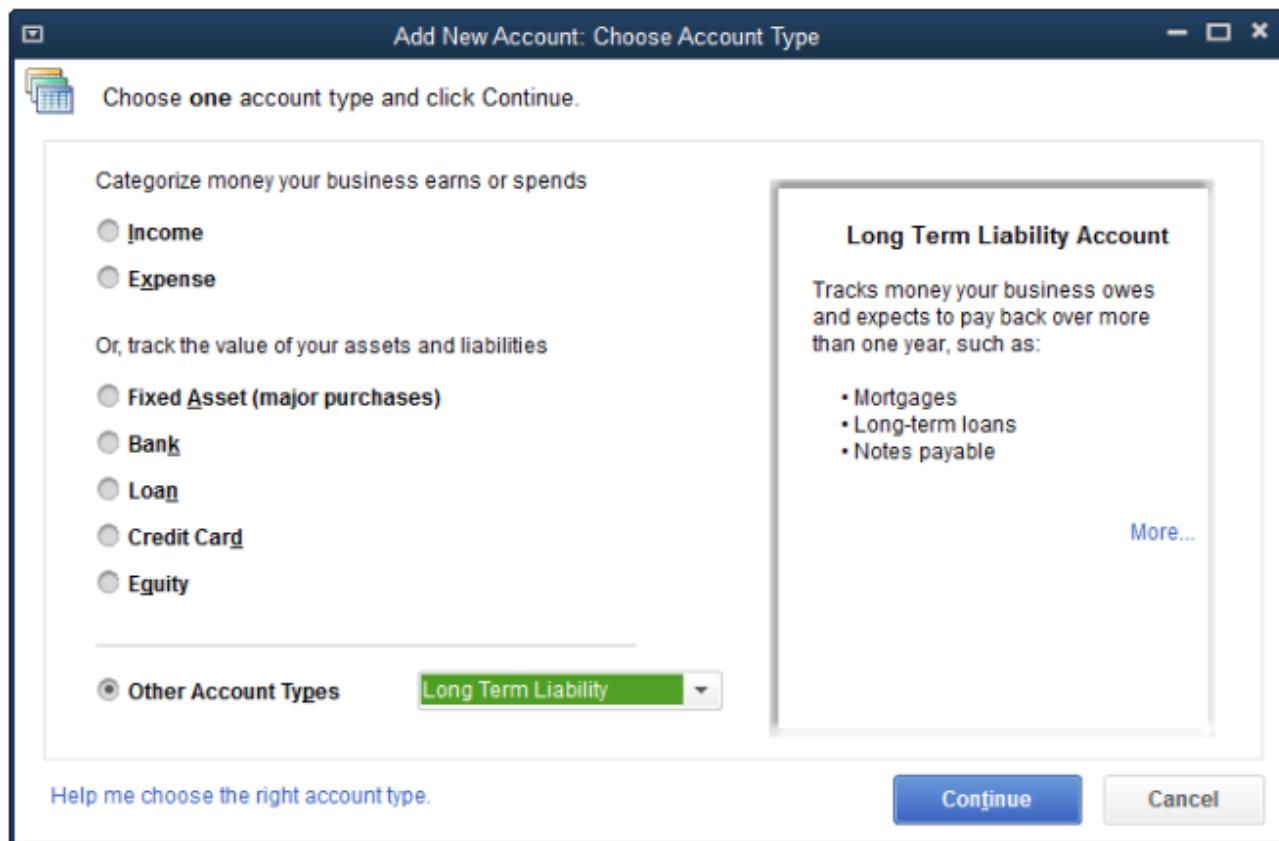
When you buy a property there are a multitude of financial vehicles to use. Talk to your accountant for specific advice in handling the different itemized lines on the settlement statement, and your particular funding source. Commissions, points, closing fees, recording fees, property tax credits, etc. all affect the purchase. Before you record a property in QuickBooks, talk to your accountant to correctly enter your transaction.

Sometimes “Cash” purchases are not really “Cash.” A private investor, a personal loan to the company, or another property’s refinancing may fund the new purchase. In any of those cases, you must show the creation of debt, and the acquisition of a fixed asset.

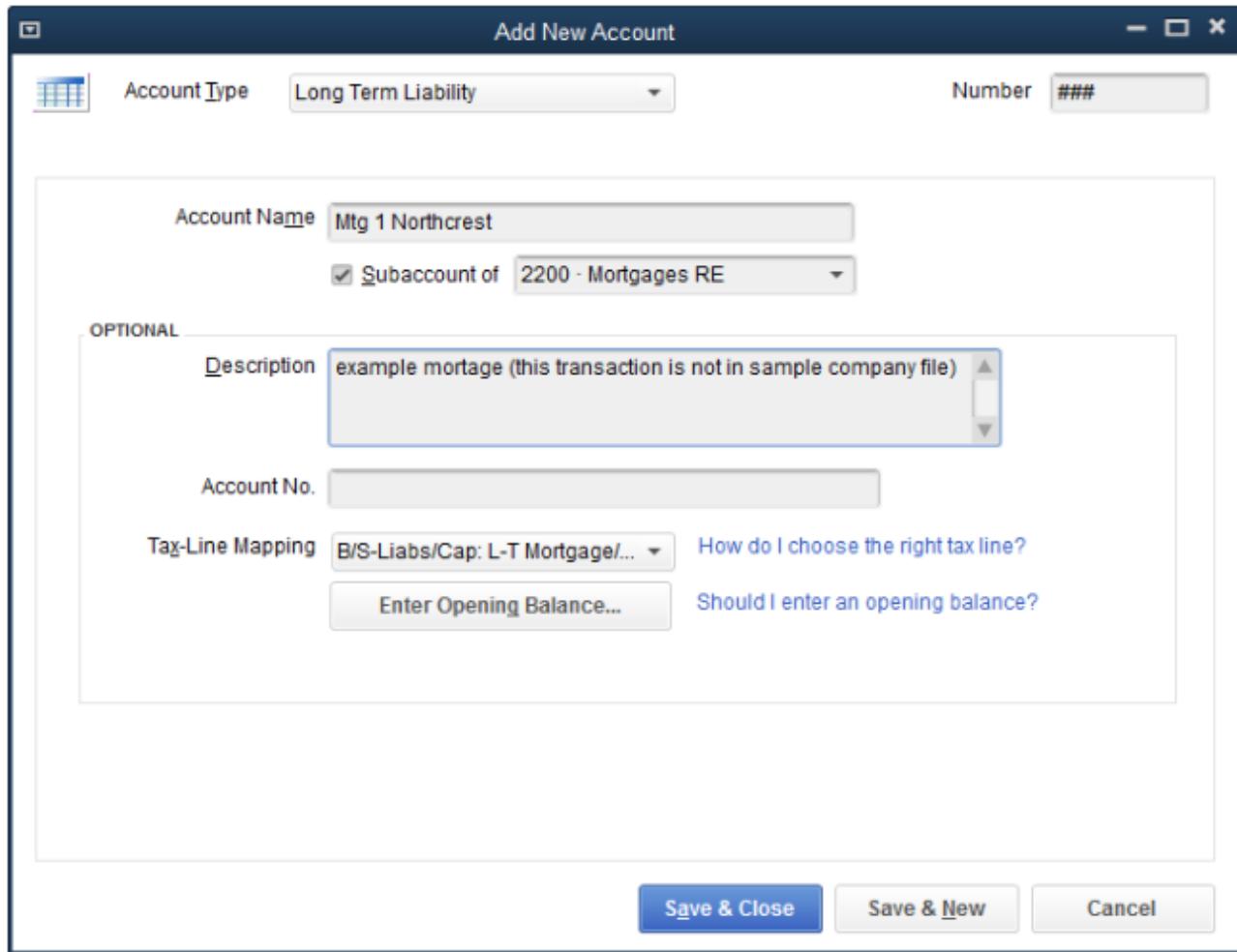
Quick Tip

To help track your mortgage payments, you can use the Loan Manager. Go to the Menu Bar, click **Banking > Loan Manager**. This is designed for mortgages you pay. For financing your company has extended to others (when you are the lender), you need to enter the payments due as invoices. Loan Manager is not designed when you are the lender.

To record a new mortgage, create its liability account in the Chart of Accounts (**Banking > Chart of Accounts** or press **Ctrl+A**, then click the button **Account > New Account** or press **Ctrl+N** for a new account). Create a “Long Term Liability” account. If you choose “Loan,” it will create a current liability, which is incorrect for a mortgage payable over several years. (In accounting the term “current” means a liability will last only one year.)



Fill in the account number, name, and description to correspond with your naming conventions.



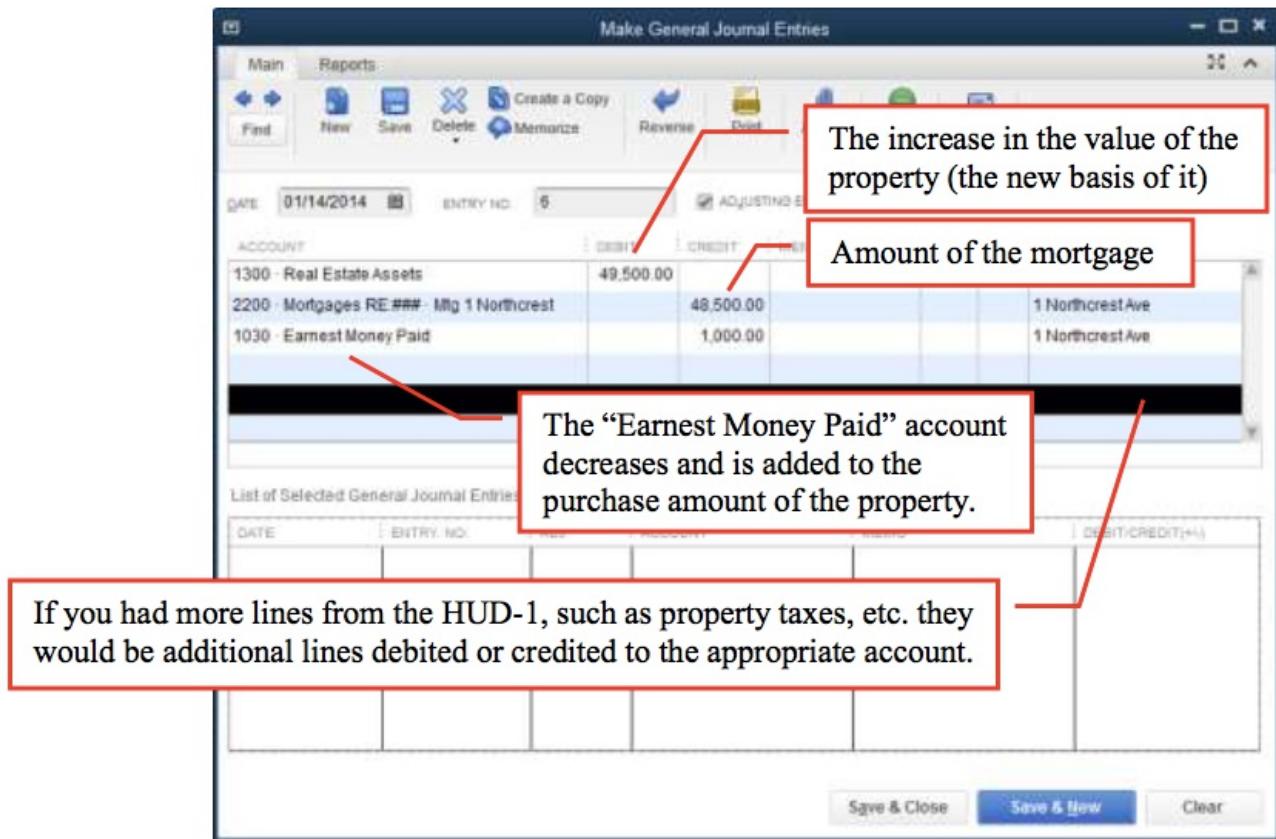
Next we need to fund it with the balance of your mortgage and enter the basis of the new fixed asset (real estate) account. Three cases follow:

1. Bring no cash to the closing, record it in a Journal Entry
2. Bring cash to the closing, record it in a Check
3. Bring cash to the closing, splitting transactions in a Check and a Journal Entry

Case 1) Bring no cash to the closing, use a Journal Entry

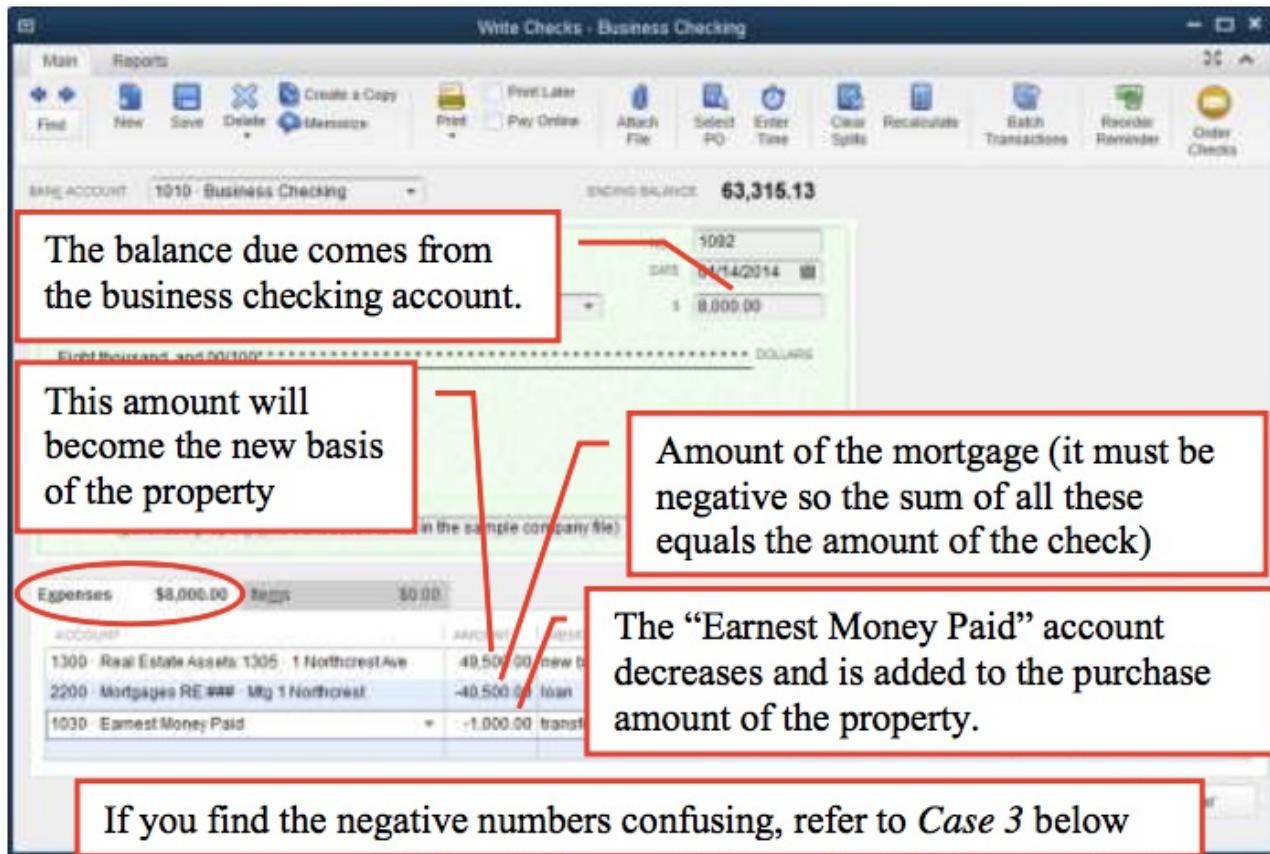
If you do not need to bring money to the closing because funding will entirely come from mortgages or earnest money already paid, you can make one Journal Entry. The following image is a sample Journal Entry. (This particular transaction is not in the sample company file). Create one with

Company > Make General Journal Entries...



Case 2) Bring cash to the closing, recording the transaction in one Check

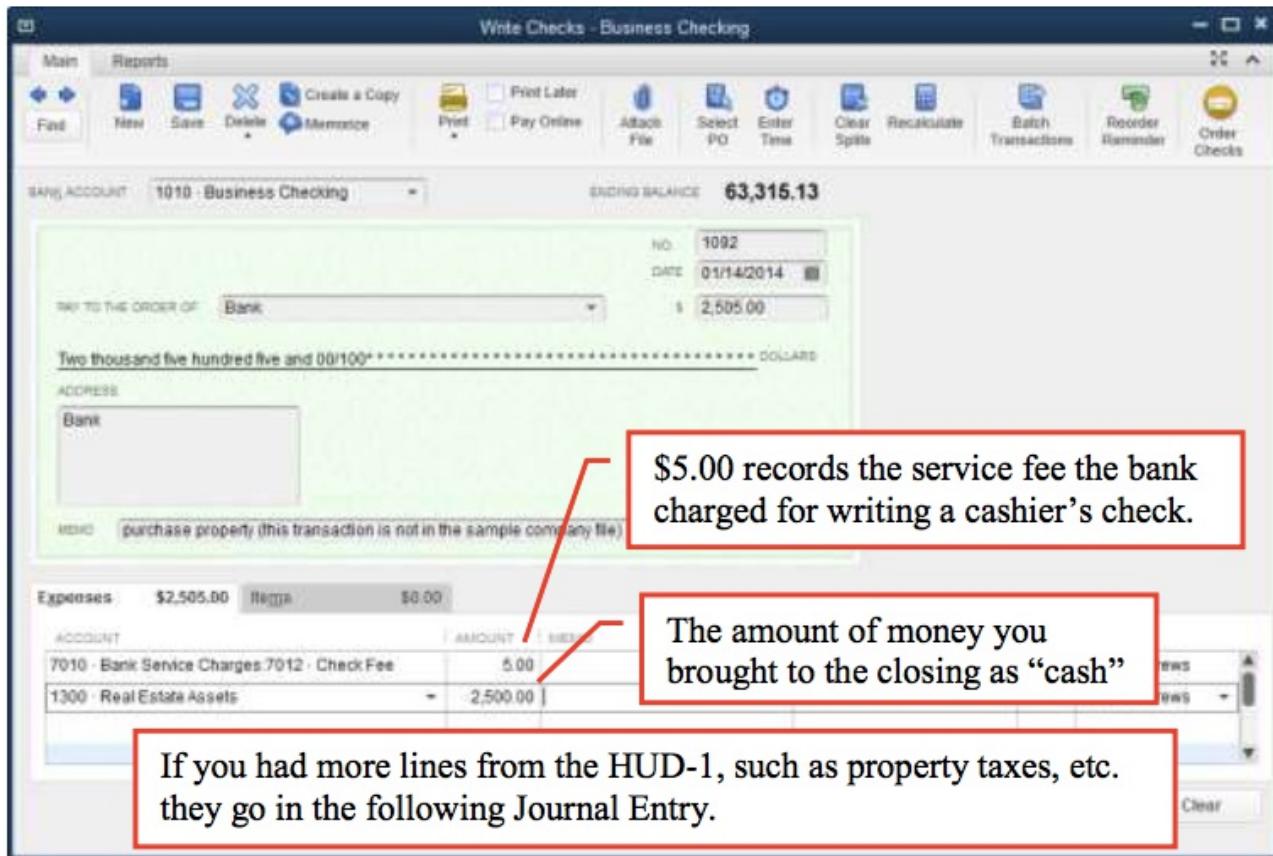
If you must bring money to the closing, you will write a check. To write a check click in the Menu Bar: **Banking > Write Checks**. On that check, you will itemize the other accounts involved in the transaction.



Just like Case 1, if you had more line items to enter from the closing paperwork, you would create additional lines in the Expenses tab to split them out.

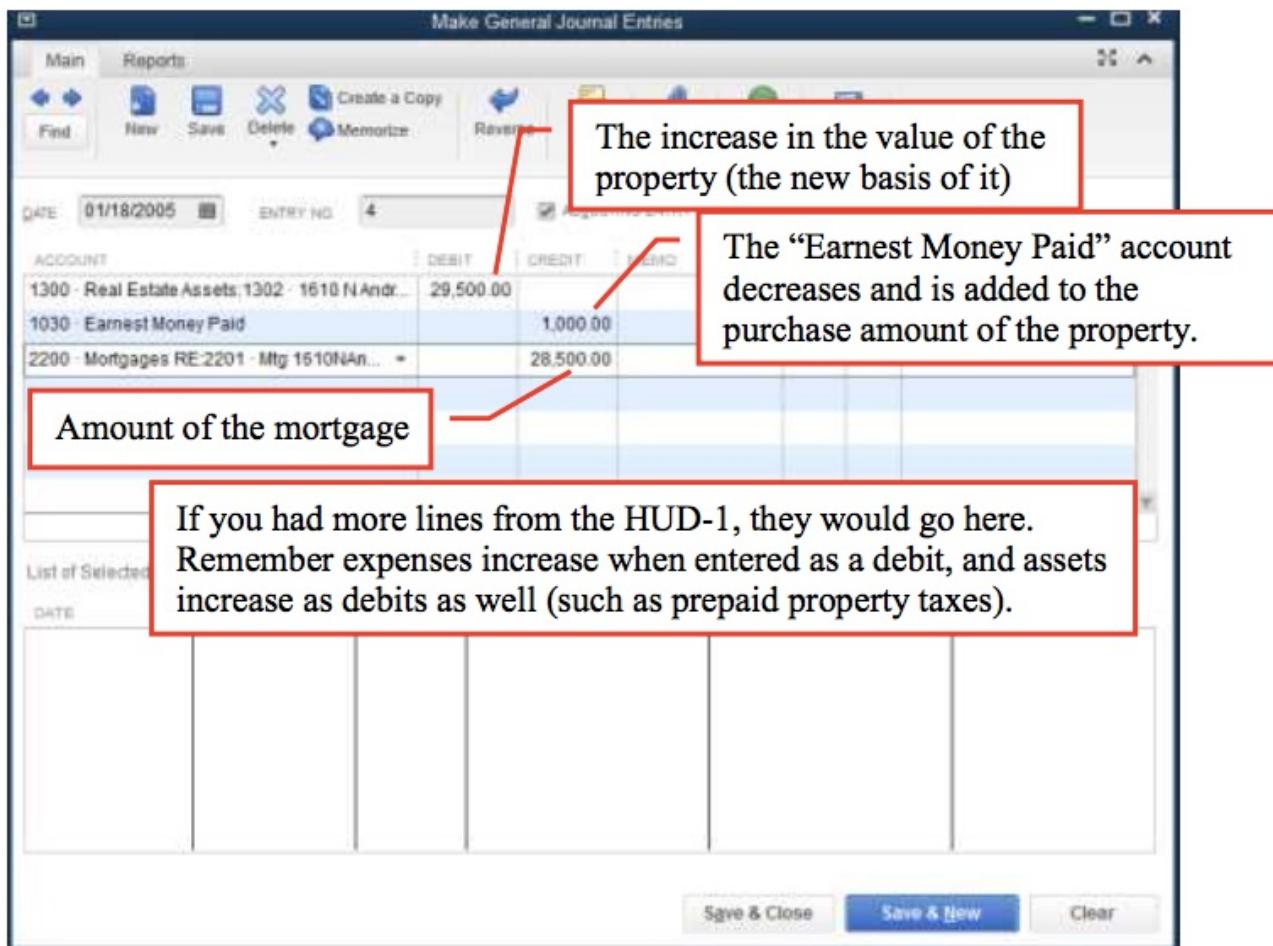
Case 3) Bring cash to the closing, splitting transactions in a Check and a Journal Entry

Sometimes those negative numbers on the bottom of a check can get confusing. (However, nothing is wrong about them). If you do not like them, split up writing the check and creating the detailed line items in closing. First write the check (**Banking > Write Checks**) to the bank (or seller). This is the method used for 1610 N. Andrews in the sample company file.



But this check does not convey the complete transaction. There is a mortgage that you also need to create. That happens in the following journal entry.

Click **Company > Make General Journal Entries...** to fund the liability account and record the non-cash part of the purchase of the real estate fixed asset.



To review Case 3, you first write a check to the bank for the amount of the cashier's check you need to bring to the closing. Then afterwards you record in a journal entry the activities of all accounts involved. Make sure the dates are the same. When done, you can double check the basis of your property is correct by looking at the register for this particular real estate asset account.



Q: I purchased a rental property last year. What closing costs can I deduct? (This question comes from the IRS in [this](#) FAQ, you should always consult your accountant).

A: Generally, deductible closing costs are those for interest, certain mortgage points, and deductible real estate taxes.

Many other settlement fees and closing costs for buying the property become *additions to your basis* in the property and part of your depreciation deduction, including:

- Abstract fees
- Charges for installing utility services
- Legal fees
- Recording fees
- Surveys
- Transfer taxes
- Title insurance
- Any amounts the seller owes that you agree to pay (such as back taxes or interest, recording or mortgage fees, charges for improvements or repairs, and sales commissions).

Additional Information:

- [Publication 17, Your Federal Income Tax for Individuals](#)
- [Publication 527, Residential Rental Property \(Including Rental of Vacation Homes\)](#)
- [Publication 535, Business Expenses](#)

4.05 Financing from another Property (or an Investor)

If you establish one loan on an existing property before using those funds to purchase a new property, create a liability account as above but deposit the proceeds into your checking account. This can be entered as a Journal Entry. Increase your checking account (debit), and increase the liability account (credit) for the existing property you refinanced. If this is a second mortgage on an existing property, you should create a new liability for the second mortgage. This keeps each of the mortgage balances clear.

If the funding came from an outside investor, it can be recorded in a similar fashion, but instead of a liability against a property, it is a new liability account for the investor's loan.

Then, write a check to purchase the property as in a pure cash transaction.

If the investor funding happens at the same time as the house closing, you can combine all of these transactions in one single journal entry. It will be beneficial to have your accountant double check the transaction to confirm it is correct.

Caution

If the investor that helped purchase the property was actually investing in your company that is different. He or she would need a new equity account that represents the amount of your company he or she now owns. No liability account would be created.

It is best to work with your accountant and attorney in an example such as this, because it will change your company's capitalization (ownership percentages), and has tax implications (ex: additional K-1's you need to create for the new investor).

4.06 Record a Hard Money Loan or Line of Credit

Definition

A **Hard Money Loan** is a specific type of financing in which a borrower receives funds based on the value of a real estate property. Hard money loans are typically issued at much higher interest rates than standard commercial or residential property loans and are almost never issued by a standard commercial bank.

From the QuickBooks' perspective this is the same as if it were a mortgage (albeit to you it is likely at a higher interest rate). Differences may exist in points due at closing, terms of repayment, closing costs, etc. You must make payments to decrease the liability. Enter the transactions according to the repayment schedule. Deposit the money as it is received from the loans into the checking account. If you want to use a line of credit checking book (given to you by your bank), enter the transactions as journal entries against the Liability. Remember a credit increases a liability, and a debit increases an asset.

If closing the hard money loan happens at the same time as the house closing, you can combine all of these transactions in one single journal entry. Have your accountant double check the first few transactions you do like this.

4.07 Add an Existing Company-Owned Property

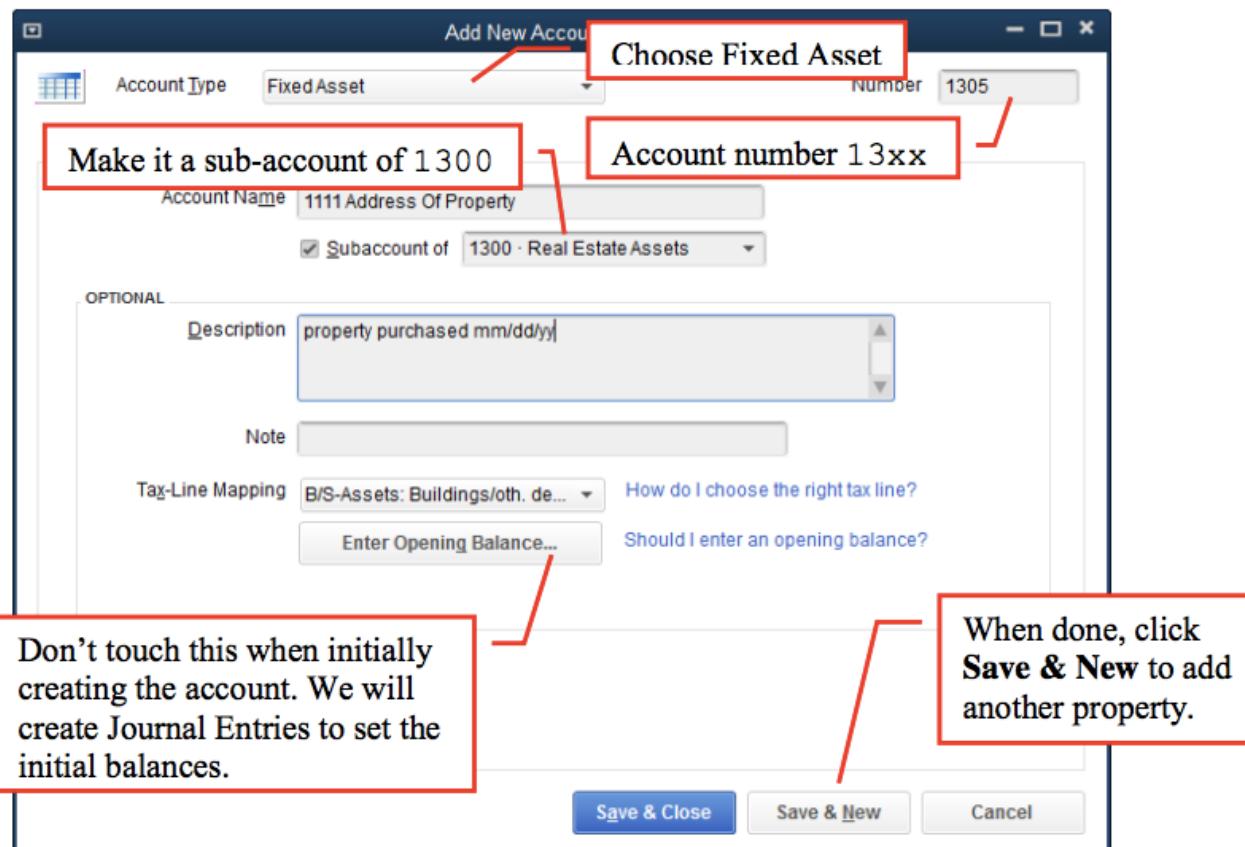
If your company already exists, and owns properties, it is possible to add the current balances of properties, mortgages and accumulated depreciation from the current year. It is not necessary to go

back to the formation of the company and record all transactions in QuickBooks.

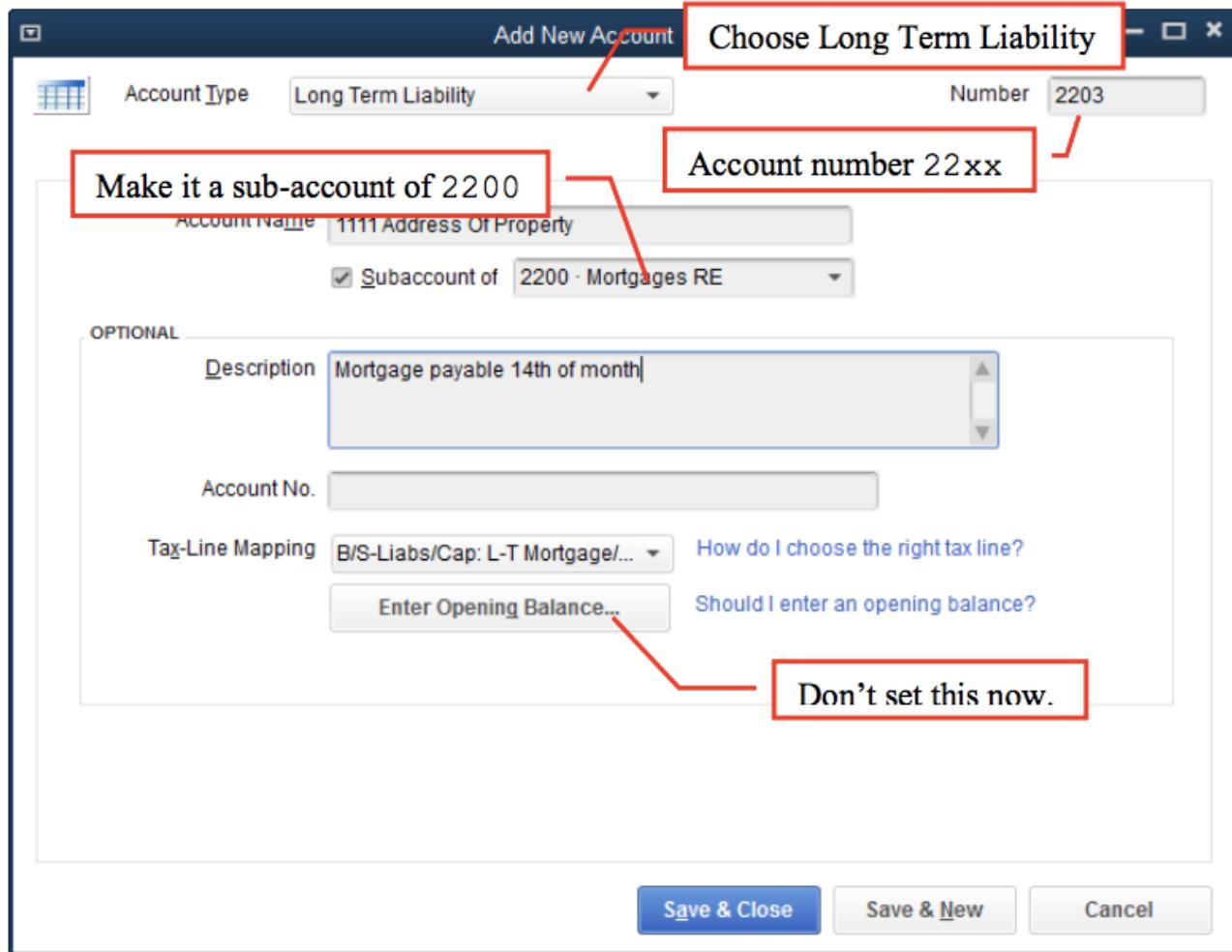


For more information on the different ways to handle recording an existing company's historical transactions, refer to our blog post [Entering Landlords' Historical Transactions in QuickBooks](#).

First you need to consult your accountant to get the account balances of the existing properties to enter into the new QuickBooks fixed asset accounts. From the Menu Bar, click **Lists > Chart of Accounts**. You will add a new Fixed Asset account, so click the **Account** button and **New** (or press **Ctrl+N**). Make it a sub-account of **1300 – Real Estate Assets** and set the account number to follow the convention (**13xx**).



Repeat this for each property the company owns. If any of these have mortgages, create Long Term Liability accounts. From the Chart of Accounts press **Ctrl+N** and enter information as the following example shows.



If the mortgage will be paid off in less than one year, choose an Other Current Liability, not Long Term Liability.

You will need to create a new Class for this property. Click in the Menu Bar: **Lists > Class List**. Click the **Class** button and choose **New**. Name the new class the address of the property, according to some naming convention (i.e. **123StreetNameUnit3**). If you have not also added a company class, add that now (i.e. **YourCompanyLLC**). These will be used in the following Journal Entry.

Click in the Menu Bar, **Company > Make General Journal Entries....**

The following journal entry will set up the opening balances on each property. Get the numbers to use from your accountant. This entry will likely include (1) a value for the asset, (2) accumulated depreciation (3) the balance of the mortgage and (4) any equity the company has in the property. Choose the corresponding Classes for each line as well.

The example below assumes a property with a basis of \$150,000, \$15,000 in accumulated depreciation, and an outstanding mortgage balance of \$96,000. It was already owned by the corporation, however was not previously added to the company's books.

Make General Journal Entries

Main	Reports	22				
DATE: 01/14/2014	ENTRY NO.: 8	ADJUSTMENT ENTRY				
ACCOUNT	DEBIT	CREDIT	PRESID.	MA.	BL.	TEARS
1300 - Real Estate Assets:1309 - AddressOfProp..	150,000.00					1111AddressOfProperty
1999 - Accumulated Depreciation RE		15,000.00				1111AddressOfProperty
2200 - Mortgages RE:2203 - AddressOfProperty		05,000.00				1111AddressOfProperty
3200 - Opening Bal Equity		39,000.00				YourCompany LLC
*	0.00			*		*
Totals: 150,000.00		150,000.00				
List of Selected General Journal Entries: Last Month						
DATE	ENTRY NO.	ACCT	ACCOUNT	MEMO	PRINT/EDIT/HQ	

If you accidentally get lines with 0.00 as shown above in the last entry of the Debit column, you can remove them by highlighting the line (click on it), then in the Menu Bar, click **Edit > Delete Line**.

See Also



For help in deciding when to Debit and when to Credit, refer to section [2.05 Debits and Credits](#).

4.08 Transfer a Property you own into Your Company

In some states, there are two ways to contribute a property owned by the company's owners into an entity (i.e. LLC). Your state may differ, and there may be a transfer tax or any number of laws that apply. Figure this out with your accountant and attorney.

1. You can “contribute” a property as member/owner “contributed capital” when you are forming a new LLC (or in an existing one). This is simpler if the members’ ownership is proportionally equal in the original property as well as the new company – such as husband and wife owned properties and companies. Taxes and legal issues get really tricky fast, consult your tax and

legal professionals.

2. If you have an existing LLC you can also sell the property to the company. Some investors sell it at a fair market price, and others sell it below their cost. Talk to your attorney and accountant on how to get properties into your company that are owned in other ways. Watch out for the tax issues.

QuickBooks lets you make changes

Your method of recording a contributed property may change (before finalizing for taxes). This is a tremendous advantage of QuickBooks. Entries are not recorded in stone, but can be changed very easily.

A company I worked with contributed several properties first at fair market value but then changed to un-depreciated basis, and finally in the same year switched to depreciated basis at the advice of their accountant.

What follows is the method of contributing properties at their depreciated basis. I suggest you track depreciation in QuickBooks.

Once you decide on a method to get the property into the company, it must be valued monetarily in QuickBooks. Some investors choose to use: depreciated tax basis, an un- depreciated basis, the fair market value of the property contributed, and other methods. Some accountant's keep track of depreciation on their own, so it does not need to be in QuickBooks, while others want it tracked within the program.

The sample file is of an LLC formed January 1, 2004. The members (married owners of the LLC) previously owned several properties in their own names. These properties were all transferred to the LLC as contributed capital. For reporting purposes properties were recorded as their cost plus capital improvements (basis). An accumulated depreciation account was also used to include past years' depreciation.

No matter the method of recording a property in QuickBooks, you will need to work closely with your accountant at tax time and when you sell a property. Also in order for the company to own the properties, legal transfer of ownership must occur. This may involve a Quit Claim deed or another method depending on your state. Check with your lawyer.

4.09 Contribute Properties with Accumulated Depreciation

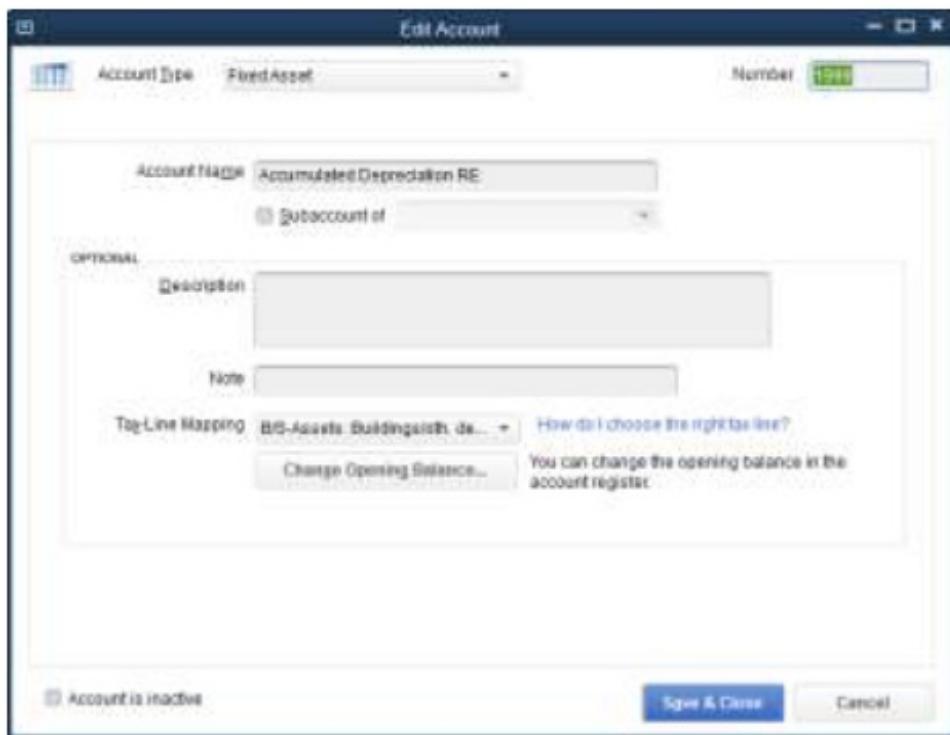
Verify that you have an accumulated depreciation account in your chart of accounts (**Ctrl+A**). To follow the numbering convention, it should be account number 1390.

Also verify the tax line is accumulated depreciation. If you cannot set the tax line, that is because you

have not configured your Company Information, refer to section [3.36 You Must Complete Company Information.](#)

Accumulated Depreciation is a “contra” account

Accumulated depreciation is an asset account, but it is a special “reverse” one. (It’s called a contra asset account). Normally asset accounts increase with debits and decrease with credits. However, a contra account increases with credits and decreases with debits (like a liability account). It must be like this because on a balance sheet your total real estate assets are decreased by the accumulated depreciation. So when you combine all the value of your real estate and the accumulated depreciation, you get a smaller number.



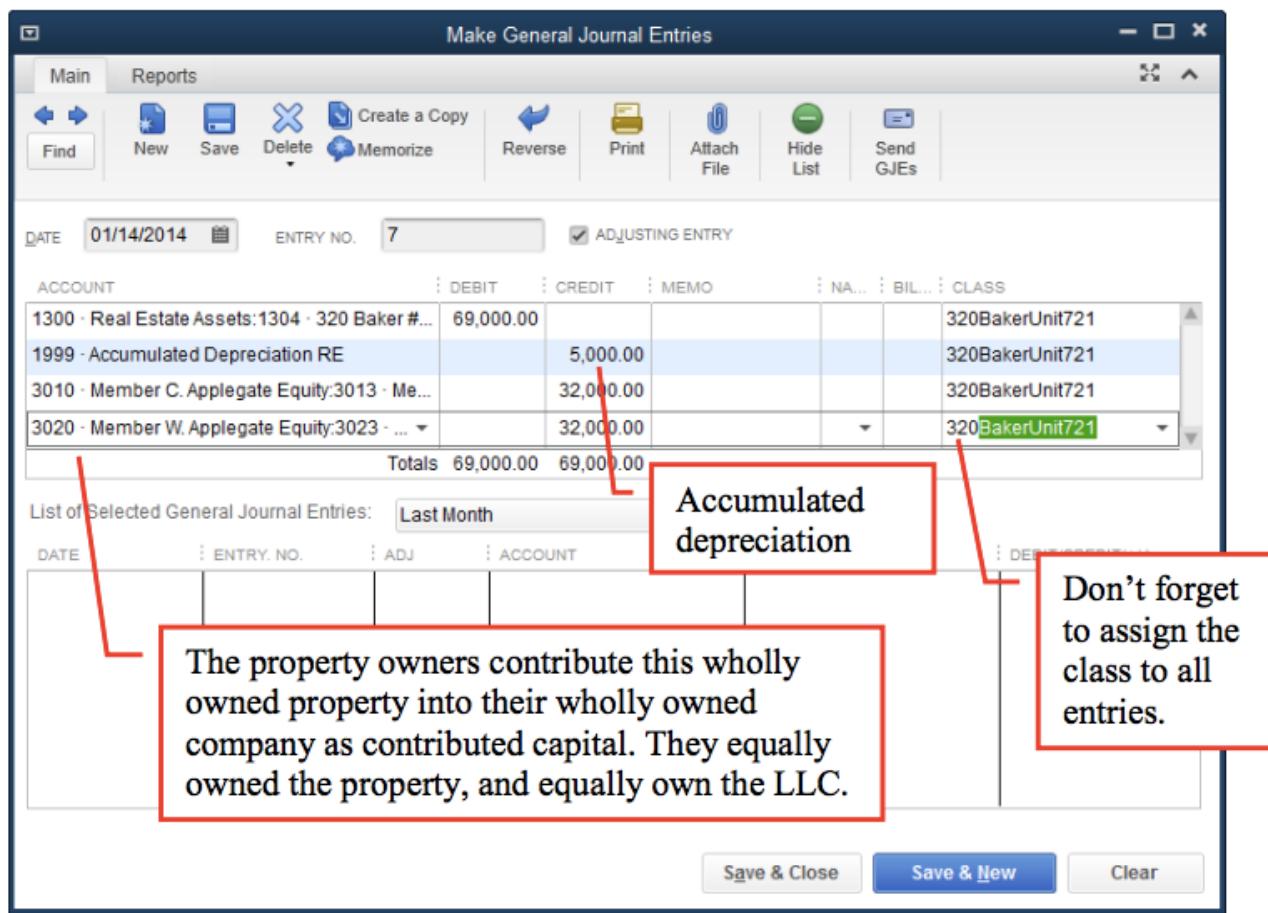
We will use a Journal Entry to record this transaction. Go to **Company > Make General Journal Entries....** QuickBooks may tell you it uses auto numbers on the entries. Click **Okay**.

1300 – Real Estate is a super account. Each property goes under it as a sub-account of the type Fixed Asset Account. **13XX** sub-accounts go under **1300 Real Estate Assets** for each legal property address. 1999 is for all accumulated depreciation.

Two examples follow. First you will enter a property that is owned free and clear in a partner’s name into the entity, and then you will enter one with a mortgage. As always, the sum of Debits must equal the sum of Credits (due to double entry accounting.)

Transaction	Debit	Credit	Notes	Class
(1) 1300 RE: 13XX address	\$ XXX		Basis in real estate property sub-account	The property's address
(1) 1999 Accumulated Depreciation		\$ XXX	Amount of accumulated depreciation	The property's address
(1) 1170 Partner ABC Equity: 1190 Partner ABC Investments		\$ XXX	Calculate what the basis minus accumulated depreciation equals. (So that debits = total credits)	The property's address

A journal entry of this type of transaction (with two owners) follows:



Properties may have mortgages on them when you transfer them into an entity. If there was a mortgage on the property, it would be a long-term liability account credited for the outstanding balance. The remaining amount to make debits equal credits goes in a Partner Equity or Opening Equity account. An example of this (using a journal entry) follows. Journal entries are the tool of choice for transactions that involve more than two accounts and a check is not written.

Quick Tip

If you wish to move a property in your own name into an entity, your bank may balk at the change of title. Try to get permission from your bank to transfer title to the new entity (to avoid any due on sale clauses) and keep insurance up to date with the bank listed as "other insured." They may not allow it at all though, requiring a new closing.

Make General Journal Entries

Main Reports

DATE 01/14/2014 **ENTRY NO.** 7 ADJUSTING ENTRY

ACCOUNT	DEBIT	CREDIT	MEMO	NA...	BIL...	CLASS
1300 - Real Estate Assets:1305 - 1 Northcrest...	56,300.00					1307 Sample Ave
1999 - Accumulated Depreciation RE		5,004.00				1307 Sample Ave
2200 - Mortgages RE:2207 Mtg 1307 Samp		50,000.00				1307 Sample Ave
3010 Member C. Applegate Equity:3013 - Me...		1,296.00				1307 Sample Ave
Total						

List of Selected General Journal Entries:

DATE	ENTRY NO.	MEMO

Accumulated depreciation

Value of the mortgage

Member contributed capital

Don't forget to assign the class to all entries

Save & Close **Save & New** **Clear**

Caution

The information in the previous section may not apply to your business. It is included as an introduction of a method that works in some situations. By understanding these transactions, you will be more prepared for your transactions. Capital contributions require professional assistance.

4.10 Accounting for Escrow Impound Accounts

If your loan has an escrow impound account, you can track the individual expenses the bank pays through it. You can enter this two ways in QuickBooks:

1. There is an easy (quick) method that often is enough
2. There is a slightly harder (more time consuming) method to it most accurately

We will go through both examples next.

Definition

Escrow Impound Accounts are maintained by lenders to collect “up-front” money from you when you take out a mortgage to cover future expenses such as property taxes and insurance.

When you pay into an escrow impound account, lenders are certain the property taxes and insurance will be paid on time, as they will be holding the money and paying these expenses for you. Typically you can waive escrows on a conventional loan if your loan-to-value ratio is 80% or less (calculated by dividing the total amount for the mortgage or loan by the appraised value of the property).

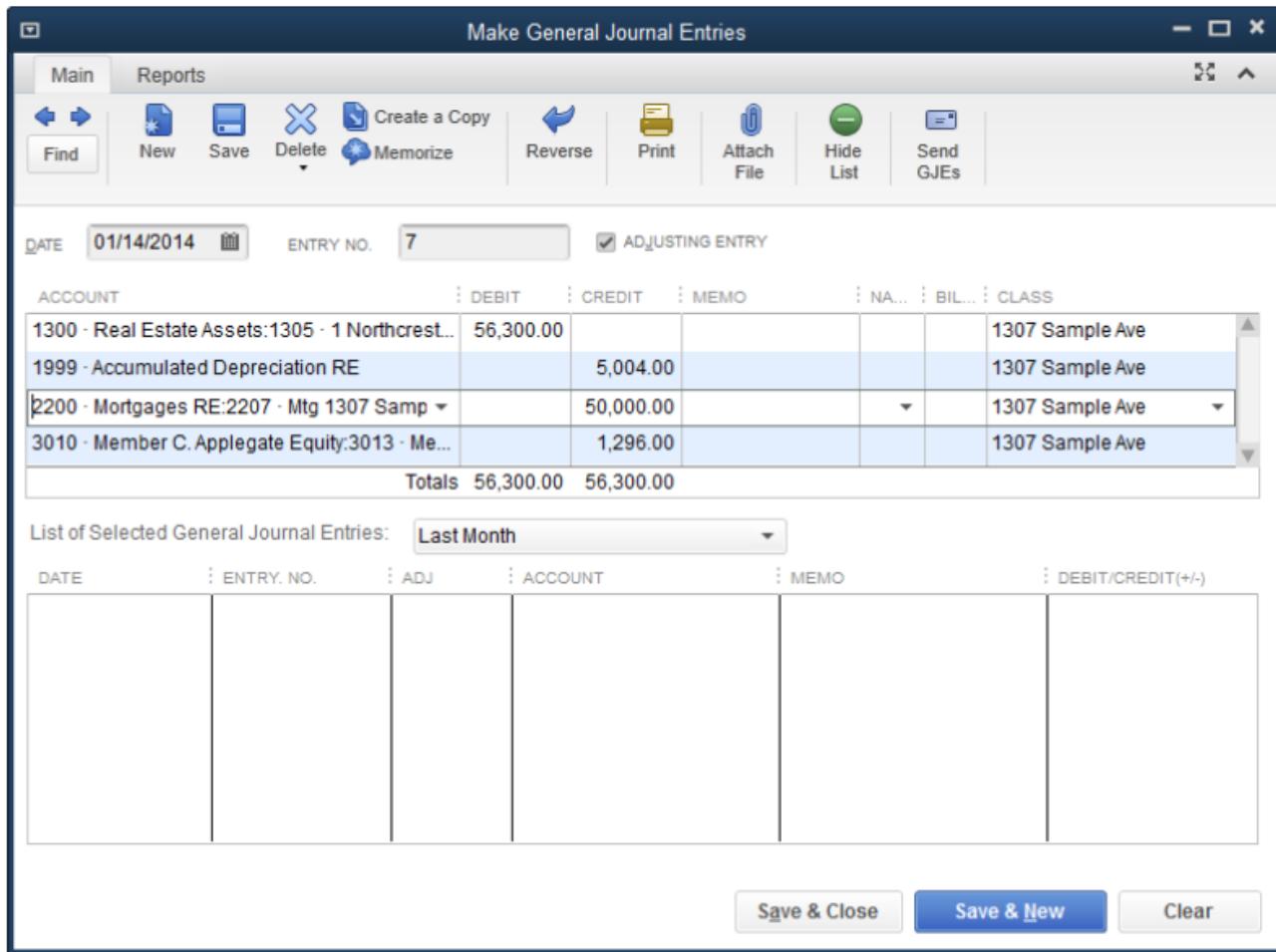
See Also

For more information about escrow impound accounts, rules and how to get rid of it, see <http://www.escrowhelp.com>.

Method 1) the easy method

Write a check just like you normally do to the bank. If it is included with one of your monthly statements, just add another line to the accounts area on the bottom.

With the amount that goes to escrow impound accounts; report it directly as property taxes, utilities, bank service charges, etc. You will need to know the breakdown of the different expenses. If you do not know those, continue reading to the next section.



This is quick and easy because it pretends you are paying directly these expenses with each mortgage payment, not using the bank as an intermediary. And in the end of the year, it will show the correct amount paid for property taxes, utilities, bank service charges, etc.

Method 2) harder, slower and only slightly more accurate method

If you wanted to be completely accurate, you could create a prepaid asset account for property taxes, insurance, etc. and when the bank pays it, use a journal entry to reduce (debit) that asset account, and increase (credit) the respective expense account (i.e. debit prepaid property taxes and credit property taxes expense).

If there is a spread between the amounts you pay the bank and the actual expenses you can create another account, "Impound Fees" and enter the spread there.

4.11 Record Maintenance Expenses

Maintenance expenses incur on different properties, but they are expenses in the year they happen. They do not add to the value of your real estate like capital improvements do.

There are two basic ways to incur maintenance expenses: (1) someone pays for an expense and

needs reimbursed and (2) write a check or use a credit card directly with the vendor. In either case, enter the transaction with the **5100 – Building Repairs** account. Choose the class for the respective property.

For small businesses, it is common for an owner to purchase things on their credit card (and earn points or miles), and then have the company reimburse them. The sample data file contains many examples of that kind of transaction.

See Also

If someone else pays for expenses and needs to be reimbursed, see [6.04 Reimburse someone's purchase for the company](#).

If you write a check for the expenses, see [3.18 “Write Checks” don’t “Pay Bills”](#).

If you use a credit card for the expenses, enter the expense in the credit card’s register. See the integrated QuickBooks help for more specifics.

4.12 Record Capital Improvements

Capital improvements are usually the high cost items to make properties last longer and become more valuable. A more official definition follows from [IRS publication 527](#). Your accountant may have a more aggressive perspective on classifying repairs versus capital improvements.

Expenses benefit profitable companies because they offset revenue (thus taxes) immediately in the year incurred. Capitalized costs are spread over many years to offset income, lacking the immediate tax savings of expenses. Work with your accountant carefully to understand what you can get away with expensing, and what must be capitalized.

Definition

Repairs keep your property in good operating condition. They do not materially add to the value of your property or substantially prolong its life. Repainting your property inside or out, fixing gutters or floors, fixing leaks, plastering, and replacing broken windows are examples of repairs. If you make repairs as part of an extensive remodeling or restoration of your property, the whole job is an improvement. For instance, in a large rehab project if you repaint the walls (typically this is a repair) it is an improvement.

Capital Improvements add to the value of property, prolong its useful life, or adapt it to new uses. If you make an improvement to property, the cost of the improvement must be capitalized. The capitalized cost can generally be depreciated as if the improvement were a separate property.

When you make a capital improvement, debit (increase) the real estate fixed asset account. In the sample file, these transactions were paid for by individuals and need to be reimbursed. The following

journal entry increases the basis of 3304 Covenant, Unit A in the sample file.



For more information on capital improvements and repairs, refer to section [2.12 What are Capital Improvements versus Repairs?](#)

Choose the real estate sub-account for the specific property.

Don't forget the property class.

The company owes the partners money so use the company class.

ACCOUNT	NAME	CLASS
1300 - Real Estate Assets:1302 - 1610 N Andrews	Menards	1610NAndrews
2010 - Due to Partner C. Applegate	Partner_ChristyA...	YourCompany LLC
2011 - Due to Partner W. Applegate	Partner_WessAp...	YourCompany LLC
Totals	10,000.00	10,000.00

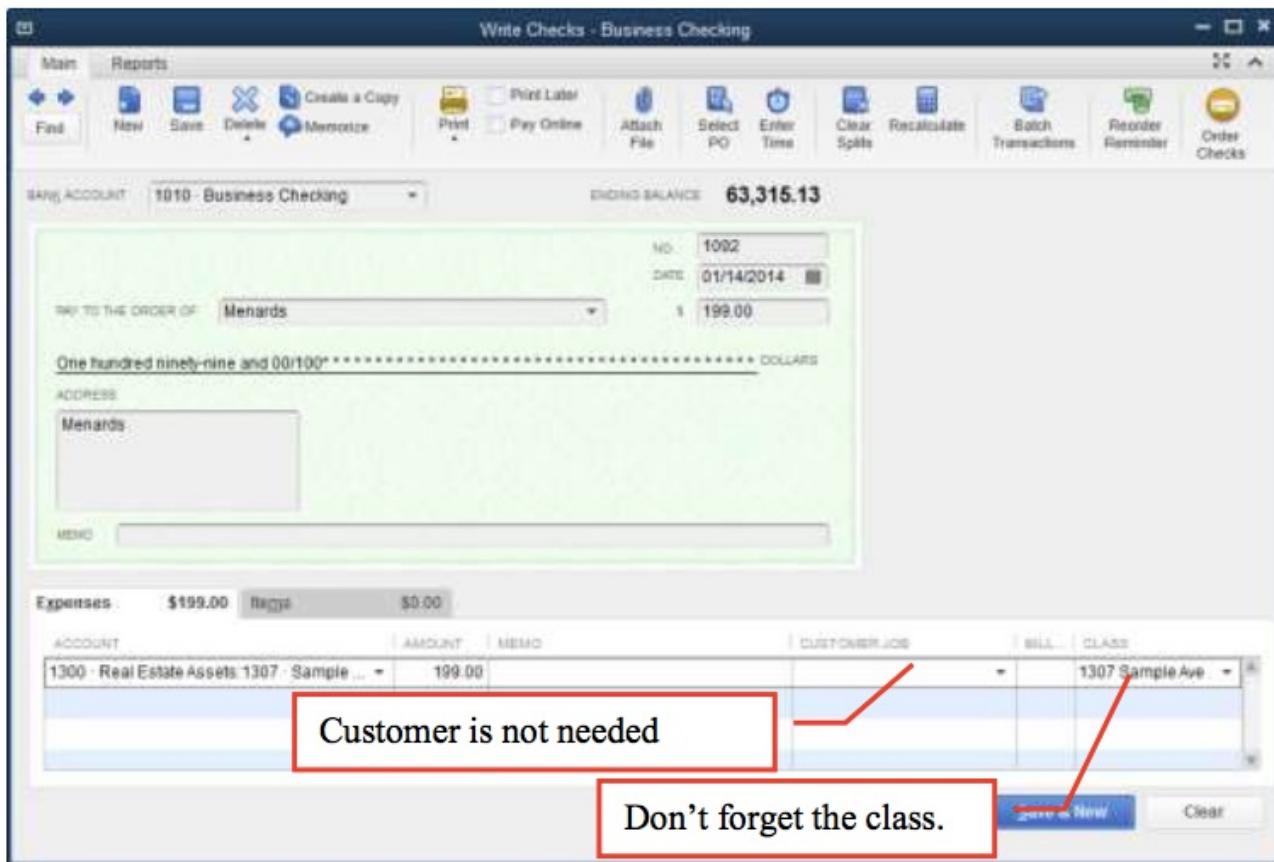
Save & Close **Save & New** **Clear**

The above example shows the accumulation of money due to both partners in a \$10,000 transaction with home improvement retailer Menards. The Memo indicates what was in the transaction. This was all for one property, 1610 N Andrews, but it consisted of several receipts. The journal entry only enters the total amount.

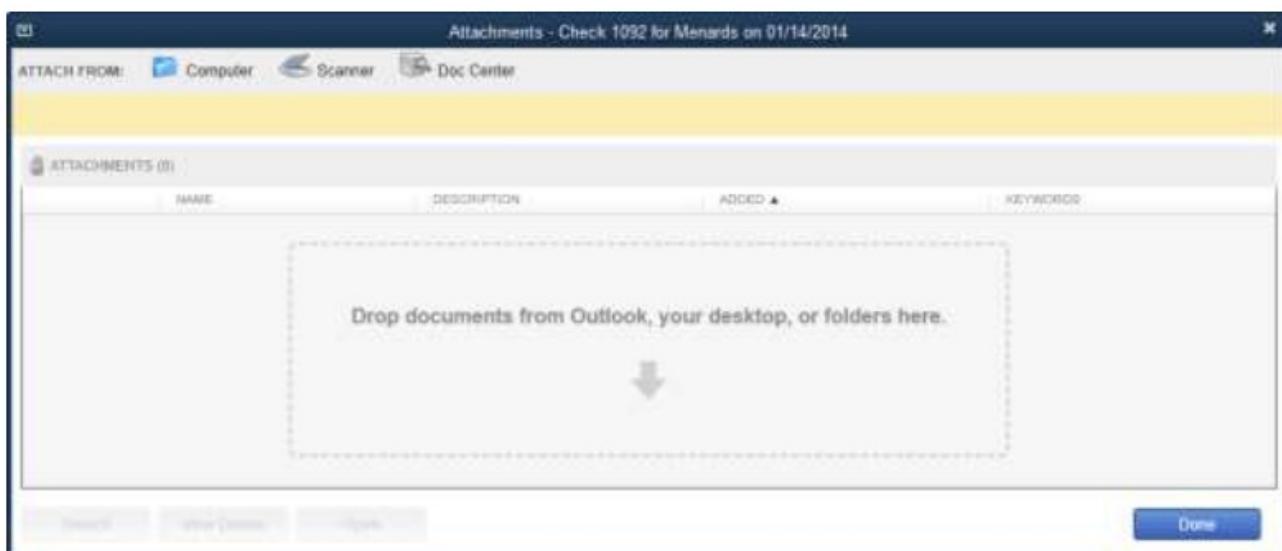
Keep all of the receipts together and file or scan them for safekeeping.

If working on several properties, it is helpful to ring up individual receipts per property so that you can keep the itemizations filed separately.

If it were a check written directly to the home improvement retailer "Menards," Write Checks would be used instead of a journal entry. That would look like the following:



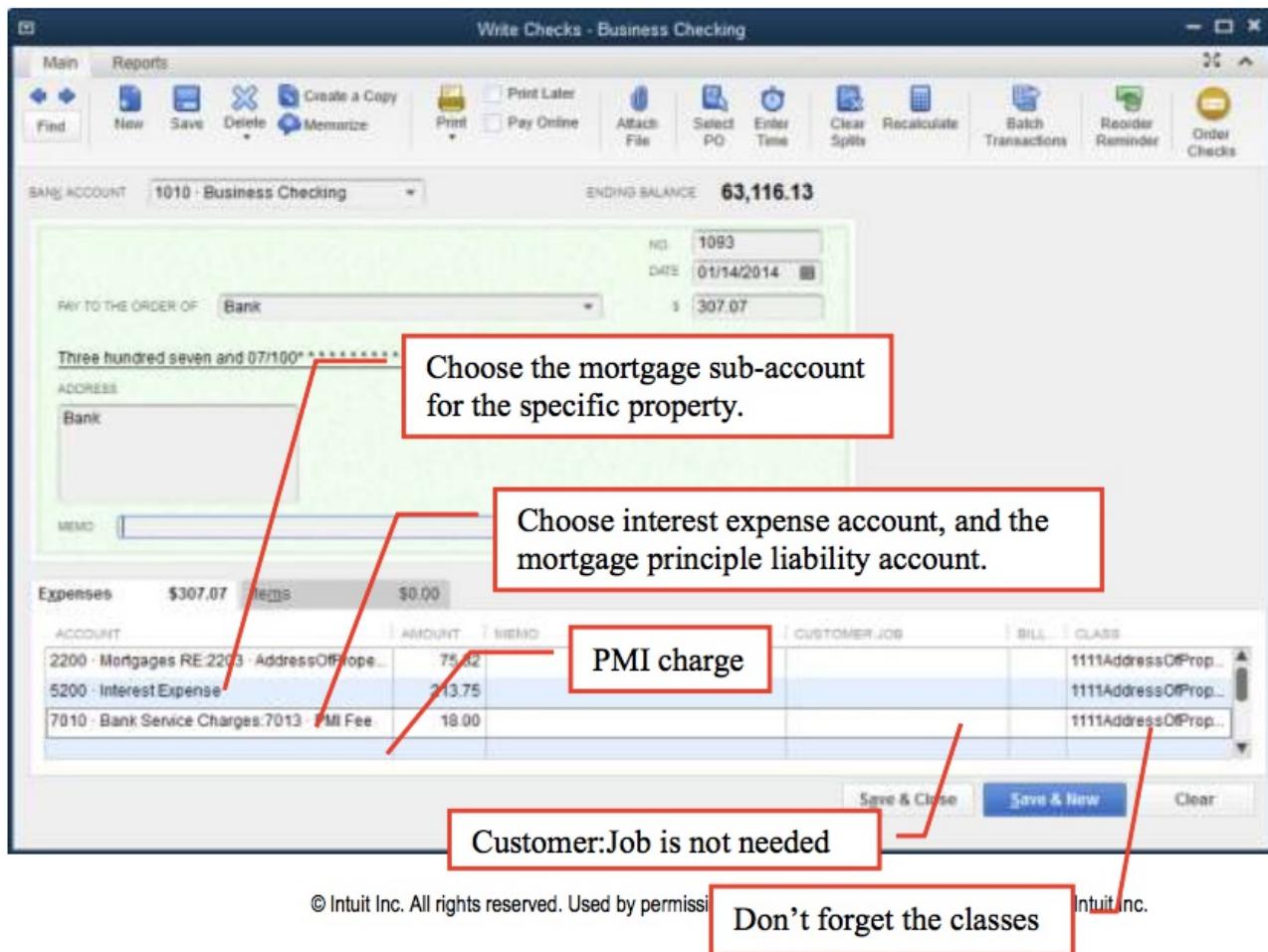
Keep and file the receipts that correspond to this entry. If you want, you can use QuickBooks scanning feature, and scan the receipt directly to associate it with the transaction. Click the Attach paperclip button on the check. Then you can directly scan or attach the receipt. A time saving trick is to take a picture of the receipt with your phone, sync that to your computer, and attach it.



4.13 Pay a Mortgage

You can either write a check for the mortgage payments, or use the Loan Manager. The Loan Manager lets you enter the terms of most types of mortgages, and then automatically calculate the checks to write each month. Try it out by clicking **Banking > Loan Manager**. There is a simple wizard you go through to set up the loan. It can also do “what if” analysis regarding different loan and payback scenarios.

The instructions below show how to enter a mortgage payment without using loan manager.



Quick Tip



If you pay PMI (Private Mortgage Insurance) on your mortgage, add that as another line item in the expenses tab when writing a check.

If the property has appreciated in value since the loan origination date, contact your bank and you may be able to remove PMI. It is expensive and provides no value to the investor.



Q: *Can you deduct Private Mortgage Insurance (PMI) premiums on rental property? If so, which line item on Schedule E? (This question comes from the IRS in [this FAQ](#), you should always consult your accountant).*

A: In general, you can deduct PMI premiums in the year paid. However, if you prepay PMI premiums for more than one year in advance, for each year of coverage you can deduct only the part of the PMI payment that will apply to that year. Report a deduction for PMI premiums on line 9 of [Schedule E \(Form 1040\)](#), *Supplemental Income and Loss*.

Additional Information:

- [Instructions for Schedule E \(Form 1040\)](#), *Supplemental Income and Loss*
- [Publication 527](#), *Residential Rental Property*

4.14 Sell a Property

In the sample file a rented property (123 Main St.) was sold. The purchase price was for \$50,000 (as was the cash basis). It was sold for \$52,000. The gain was recognized as other income.

Caution



If you buy and sell a property, there are various tax and legal implications. The sample transaction simply enters the difference in the basis and the sales price as Capital Gains. You will need to enter taxes, closing fees, and other details. Talk to your accountant and consult the closing statements.

The sales transaction is entered at the time you make a deposit of the funds you received. **Banking > Make Deposits**. It could have been recorded as a Journal Entry, but this way (as lines in the “Make Deposit”) is more intuitive for some people. The key thing is to include all of the appropriate line items needed in the transaction.

Make Deposits

Deposit To: 1010 - Business Date: 11/18/2005 Memo: Deposit

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

RECEIVED FROM	FROM ACCOUNT	AMOUNT
Ben Buyermuch	1300 - Real Estate	42,000.00
Ben Buyermuch	4300 - Capital Gains (Lo...	-13,000.00
Ben Buyermuch	2200 - Mortgages RE	-27,720.87
		1,279.13

Decrease the property's value to zero

Capital gains (use a negative amount if a loss)

All classes are the property's class

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

memo: Cash back amount: Deposit Total: 1,279.13

Another line for Accumulated Depreciation would be needed. Ask your Accountant for the amount.

Save & Close **Save & New** **Clear**

If you sold the property, but did not receive cash (for a 1031 Exchange for instance), you would use a Journal Entry. Consult your attorney, accountant and/or qualified intermediary for specifics.



Q: *What form(s) do we need to fill out to report the sale of rental property?* (This question comes from [this IRS FAQ](#) – it is listed here for convenience, always consult your accountant).

A: Report the gain or loss on the sale of rental property on [Form 4797, Sale of Business Property](#). Individuals typically use [Schedule D \(Form 1040\)](#), [Capital Gains and Losses](#), together with Form 4797.

Additional Information:

- [Publication 544, Sales and Other Dispositions of Assets](#)
- [Publication 550, Investment Income and Expenses](#)
- [Instructions for Form 4797, Sales of Business Property](#)
- [Instructions for Schedule D, Capital Gains and Losses](#)

Q: *What forms do we file to report a loss on the sale of a rental property?* (This

question comes from [this](#) IRS FAQ – it is listed here for convenience, always consult your accountant!)

A: Rental property is income-producing property and as such, considered business property. Report the loss on the sale of rental property on [Form 4797, Sales of Business Property](#). Normally, you transfer the loss as ordinary loss to line 14 of [Form 1040, U.S. Individual Income Tax Return](#).

Additional Information:

- [Instructions for Form 4797, Sales of Business Property](#)
- [Publication 544, Sales and Other Dispositions of Assets](#)

Q: *We sold a rental property last year and used the like-kind exchange rules under section 1031 of the Internal Revenue Code to purchase a replacement property and defer the gain of the rental property sold. How do I report this transaction on my tax return?* (This question comes from [this](#) IRS FAQ – it is listed here for convenience, always consult your accountant!)

A: Report the exchange of like-kind property on [Form 8824, Like-Kind Exchanges](#). The [Instructions for Form 8824](#) explain how to report the details of the exchange. Even if you recognize no gain or loss, you must report the exchange.

If you received money or other property (not like-kind) as part of the exchange, you must recognize gain to the extent of the amount of money or the value of other property you received, but you do not recognize a loss. For this purpose, consideration received by a taxpayer in the form of an assumption of a liability by the other party to the exchange or the transfer by the taxpayer of property subject to a liability is treated as money or other property. However, a taxpayer may offset a liability assumed with consideration given by the taxpayer assuming a liability or receiving a property subject to a liability in the exchange. You must report recognized gain on [Form 4797, Sales of Business Property](#), and [Schedule D \(Form 1040\), Capital Gains and Losses](#). Refer to the detailed section on qualifying like-kind exchanges in Chapter 1, *Gain or Loss*, in [Publication 544, Sales and Other Dispositions of Assets](#).

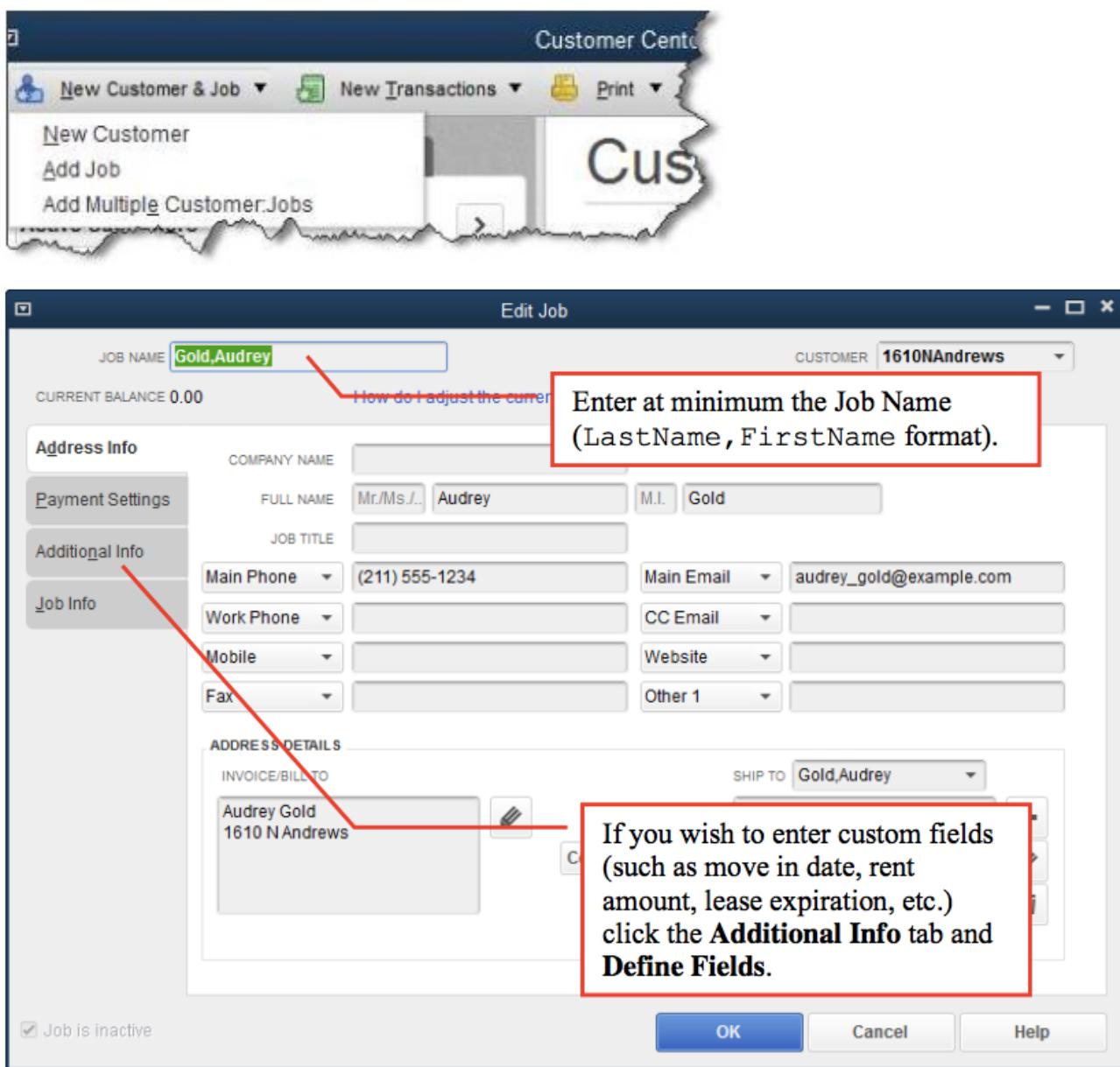
Additional Information:

- [Instructions for Form 4797, Sales of Business Property](#)

Chapter 5: Tenant Tasks

5.01 Add a Tenant to a Property

Tenants are “Jobs” under Customers in the Customer Center. Open the Customer Center through the Menu Bar’s **Customers > Customer Center** or press **Ctrl+J**. To add a tenant to an existing property: select the property (a customer) that you want to add a tenant (job) to and right click, choosing **Add Job**. (Or click the button **New Customer & Job > Add Job**).



If you want to track tenant move in dates, or other information, you can do so through defining additional fields to go on the Additional Info tab.

See Also

For more information about Jobs, please refer to section [3.07 Tenants are “Jobs” in the “Customer Center”](#). Also see section [3.06 Properties are “Customers” in the “Customer Center”](#).

You can Define Fields to add additional information to tenants “Job” information (such as track move in dates). See section [6.02 Define Fields for Customers and Jobs](#).

5.02 Automatically Charge Residents for Rent

You will regularly receive rent. QuickBooks calls this service you are paid for an “Item.” Whatever you charge for requires an item. This includes services and everything a company buys, sells, or resells (and wants to track) while doing business.

Most items you need (including the Rent Item) is preconfigured in the sample data files.

See Also

If you have an existing company file, you can import the items with the items_list.IIF file included with the kit. Open that file in Excel if you want to see what the items are. Import it with **File > Utilities > Import > IIF...** and browse to the file.

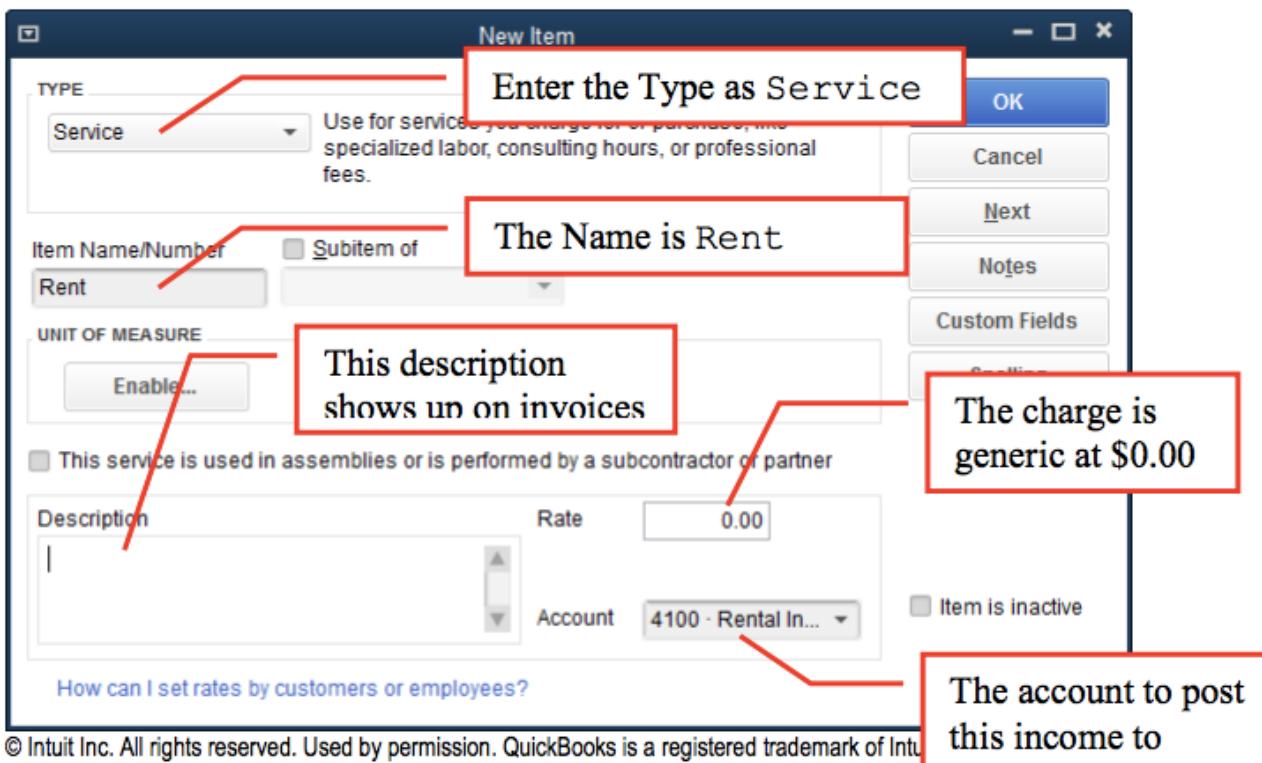
Alternatively, open the template sample file and remember which items you want and then enter them manually in your company file.

Quick Tip

If you use the sample data template, the Rent Item (and probably every other Item you need) is already set up. Look in the sample file to see how it is configured.

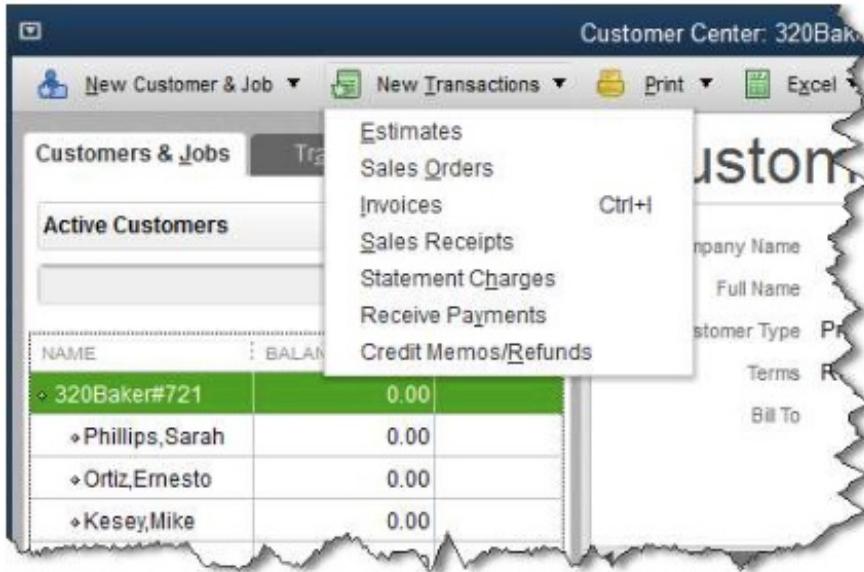
To create a new Rent item go to the Menu Bar and click: **Lists > Item List**. In the Items List window that appears, click the **Items** button and **New** (or press **Ctrl+N**).

When creating the Rent item, the charge is \$0.00 and you will edit it at the time you assign it to tenant’s invoice. (You will not have to enter it every month, just once for each tenant before memorizing a repeating transaction). The account it is assigned to is **4100 – Rental Income**. Click **OK** and you now have a rent item.



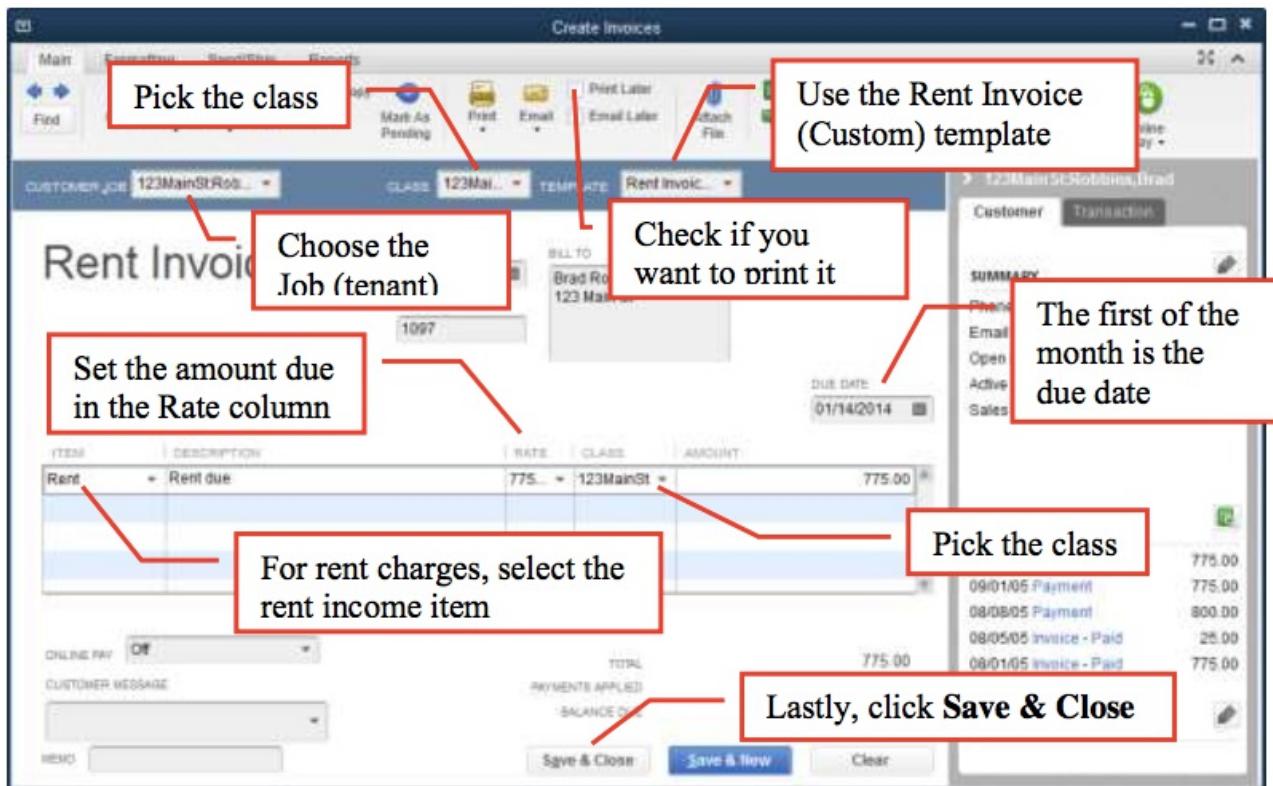
You will now set up a repeating charge for a resident. This automatically enters the rent due every month. There are two steps: create a rent invoice for a tenant, and then memorize that invoice as a repeating transaction.

In the button bar click the **Customer Center**. Click to highlight the tenant (this is a job) and click the button **New Transactions > Invoices**.



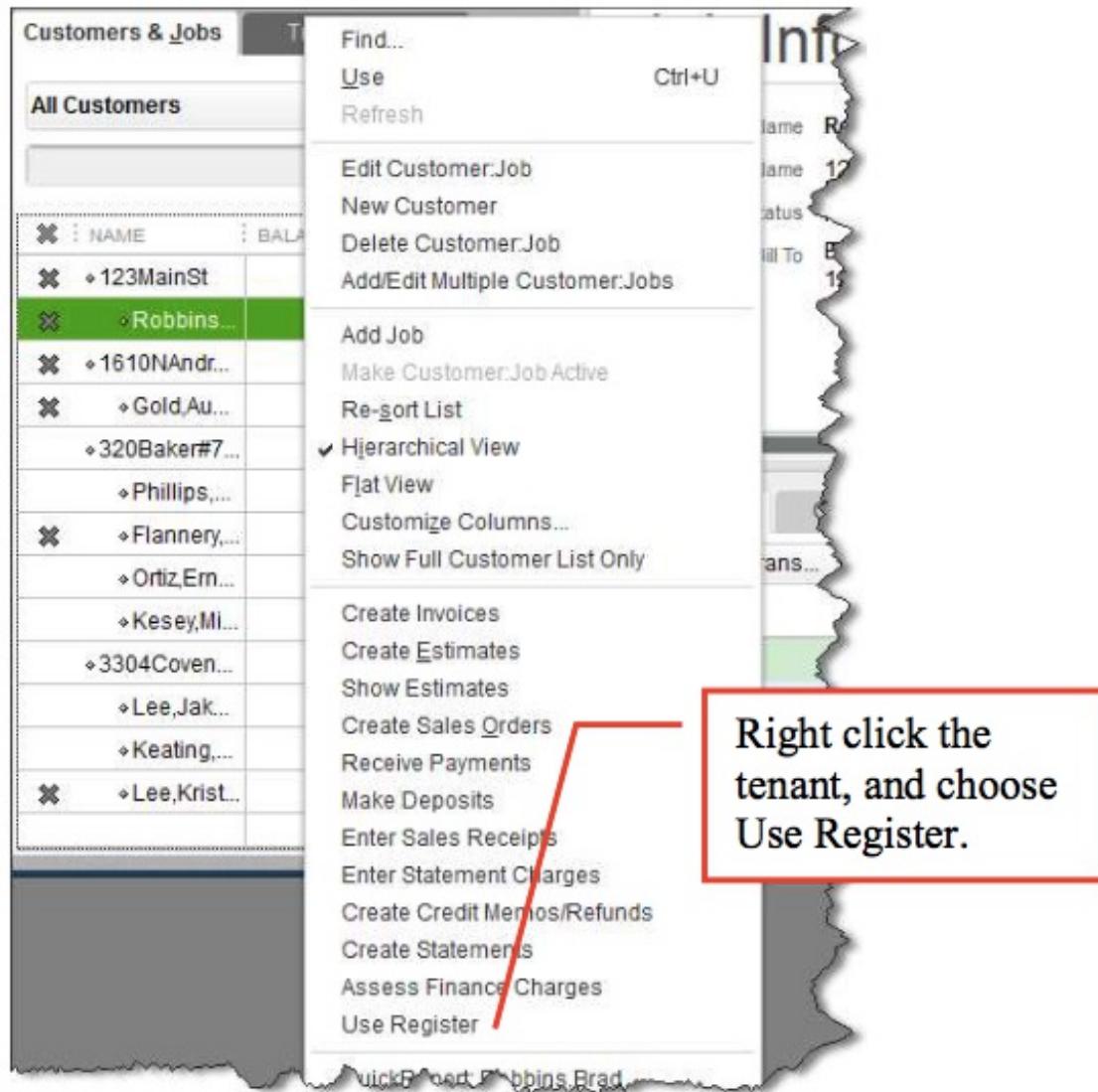
Even though you see the word “Invoice”, you will not have to create and mail invoices to renters every month. This is just how we tell QuickBooks what to charge a resident.

Here we directly enter charges for a tenant. Typically this is just the rent, although you could have items for cleaning fees, parking charges, or pet rent surcharge that you also charge for. The benefit with multiple items on an invoice is for slicing and dicing your reporting. You can see how much revenue each item brings in. For simplicity, we will just use the Rent item.



If want to print this Invoice, check the box “To be printed” and when you have several ready to print, click in the Menu Bar, **File > Print Forms > Invoices...**

To verify your Invoice was charged to that tenant, click **Customers > Customer Center** and right click on that tenant (Job) and choose **Use Register**.



What will open is that tenant's Accounts Receivable register. In it, scroll down and you will find that invoice entered.

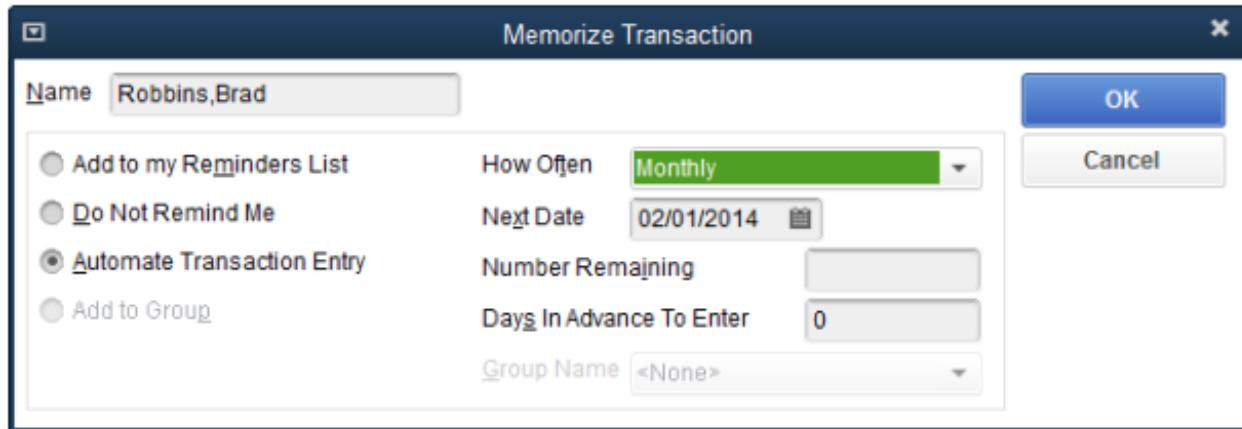
The screenshot shows the 'Accounts Receivable' window for customer '123MainSt:Robbins,Brad'. The transaction list includes:

- A payment entry for '9/1 received' on 09/01/2005.
- An invoice entry for '1061' on 09/01/2005, amounting to \$775.00.
- A second invoice entry for '1097' on 01/14/2014, amounting to \$775.00, which is marked as 'Paid'.
- A third invoice entry for '1097' on 01/14/2014, amounting to \$775.00, due on 01/14/2014.

A red box highlights the second invoice entry (1097) on 01/14/2014, with the text 'The invoice you just entered.' overlaid. The ending balance is shown as \$775.00.

Double click, or right click and click **Edit Invoice**, to open that invoice back up.

With the invoice open, or its line in the A/R register highlighted, memorize this transaction by pressing **ctrl+M** (or right clicking the entry and selecting **Memorize Transaction**). Select **Automate Transaction Entry** and set it to reoccur on the next due date.



If rents are due the first of every month and late fees start incurring on the fifth, you would enter the first (due date) for the Memorize Transaction window and not the fifth (late fee date). The late fee date is set in **Edit > Preferences**, under **Finance Charges**. Refer to the section [5.05 Automatically Charge Late Fees](#) for more details.

5.03 Receive Rent

Receive rent through: **Customers > Receive Payments**. You will deposit this to your checking account. Renters first must have an outstanding invoice that they need to pay. If you followed the previous section, you have memorized invoices set up to bill tenants automatically every month.

Caution

Do not “Make Deposits” to receive rent. You must receive rent through the “Receive Payments” dialog in order for the Invoice to be marked as paid.

If you incorrectly Make Deposits, you can fix this. Delete the deposit (or the one payment line item on the aggregate deposit), and then Receive Payments. Link the payment to the corresponding invoice.

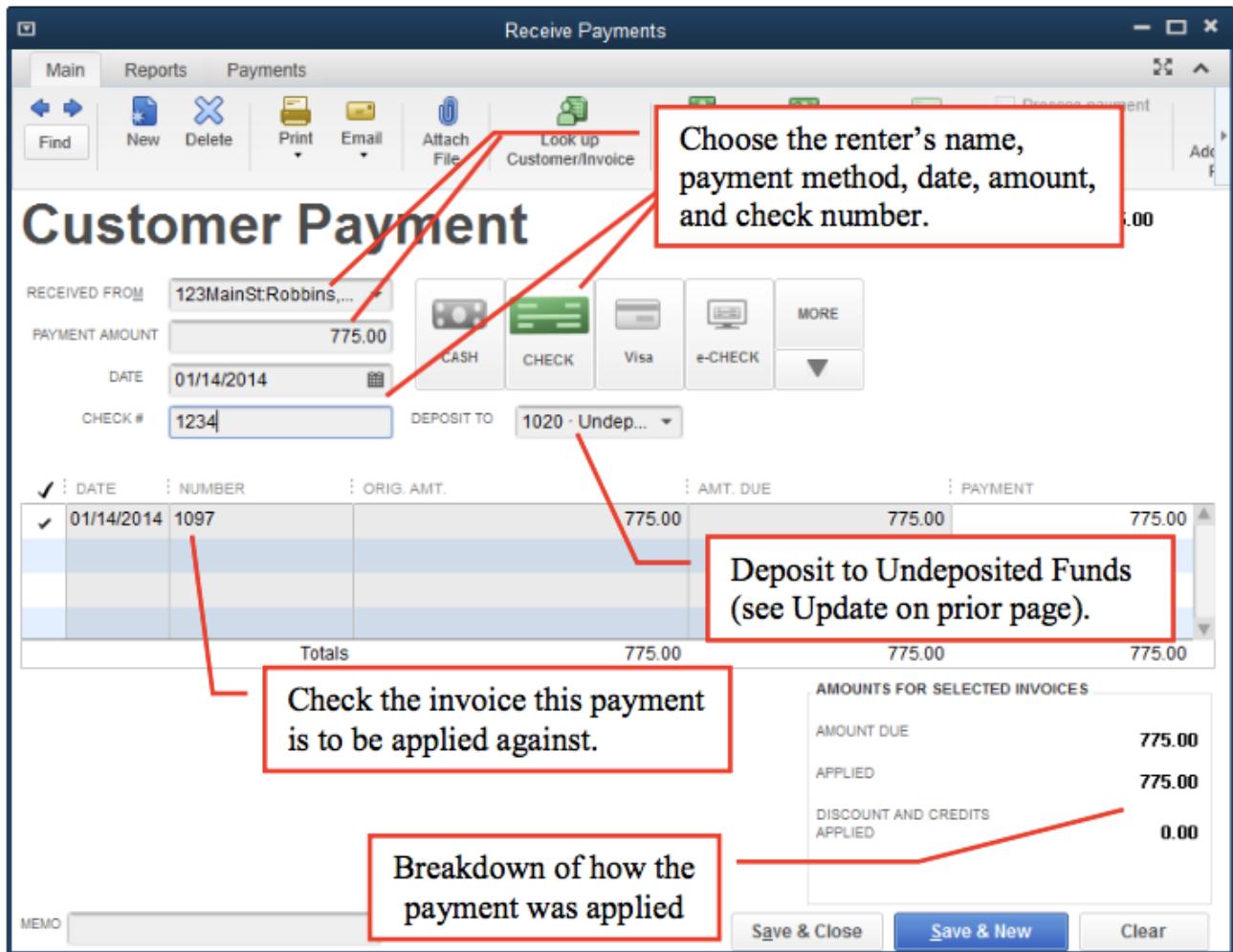
Update

For Customer Payments, you will Deposit to “Undeposited Funds.” (This is the recommended method when receiving payments.) Why? It’s easier to make one deposit with 5 checks, rather than 5 deposits with 1 check each. It also makes for easier reconciling.

Past versions of this book with old versions of QuickBooks suggested not depositing into undeposited funds. However, experience and customer feedback has found using Undeposited Funds is the best method. The sample company file still uses the old method and does not use Undeposited Funds. A future version will be updated to reflect the new recommended method.

If you want to set Undeposited Funds as the default when receiving payments, go to **Edit > Preferences....** Click **Payments**, the **Company Preferences** tab, and check Use Undeposited Funds as a default deposit to account.

Use Undeposited Funds as a default deposit to account



Enter the date as the day the payment is received, not the day deposited. This way you will be able to track payment timeliness.

See Also


If you receive prepaid rent many months in advance refer to section [5.08 Enter Prepaid Rent](#).



Q: What if my tenant pays before I invoice (i.e. before the 1st), how can I check the box next to the invoice if the invoice has not yet been entered?

A: You can receive rent at any time, even if it is before the Invoice has been charged for the tenant. You cannot, however, apply a payment to an invoice until the invoice exists.

Enter the payment and as soon as it is received, it will not be applied to any invoices at first. Later when the invoice is issued, open the appropriate Customer Payment entry from that job (tenant's) register. Find the entry with PMT in the Type field, and double click that.

09/02/2005	1045	1610N Andrews:Gol				750.00
------------	------	-------------------	--	--	--	--------

When the payment opens, **check** the checkbox column next to the invoice this should be applied against and click **Save & Close**.

✓	DATE	NUMBER
<input checked="" type="checkbox"/>	09/01/2005	1061

So you don't forget to apply the payment, make yourself a memo to revisit this transaction at the first of the month. Refer to section [6.01 “Reminders,” “To Do Lists, and the “Calendar”](#) about QuickBooks' memo features.

If you forget to do this, you will be reminded next month, as there will be two seemingly unpaid invoices for that tenant. (QuickBooks is assuming they have not paid either month's rent yet.) At that time, go back and apply the first payment.

As another option, you could wait until the rent becomes due and Receive Payments then. This is an especially good idea at the start of your company's fiscal year. Recognize (receive payments) the rent in the right month (and fiscal year).

5.04 Manually Charge Late Fees

First, you need a Late Fee “Item.” To create one, in the Menu Bar click: **Lists > Item List**. When the window opens, click the Item dropdown button and New to add a new item (or press **Ctrl+N**). This is already created in the sample files.

Quick Tip

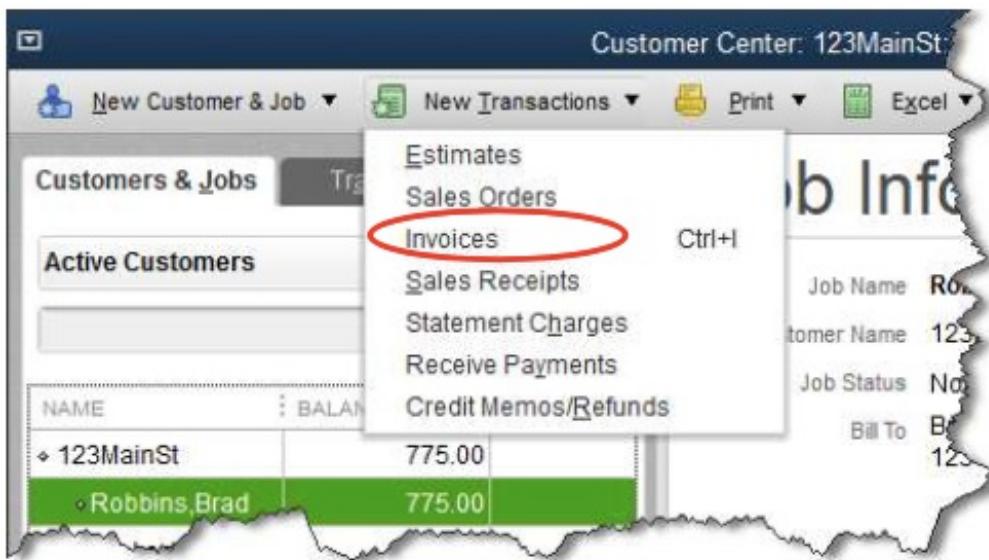


If you use the sample data template the Late Fee Item (and probably every other Item you need) is already set up. Look in the sample file to see how it is configured.

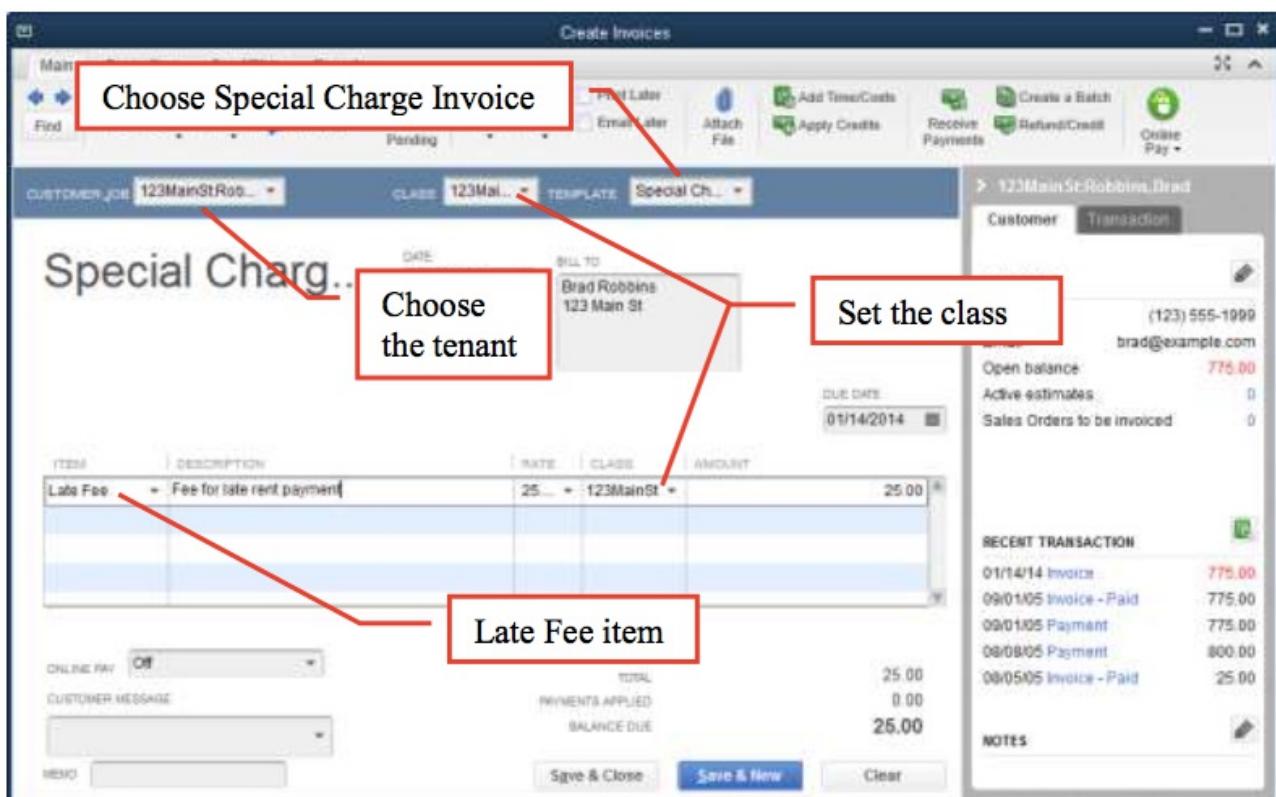


If you are not a lenient landlord, but rather are strict about charging late fees at every possible opportunity, see section [5.05 Automatically Charge Late Fees](#).

Manually enter late fees for tenants by going to the Customer Center (in the Menu Bar, click **Customers > Customer Center**). Highlight the tenant (a job in the list) and click the **New Transactions** menu button and choose **Invoices**.



In the new invoice, use the Special Charge Invoice template and add the late rent fee item, the rate (\$25 here) and the corresponding class (property). Check To be printed if you want to send it to your tenant. Then click **Save & Close**.



5.05 Automatically Charge Late Fees

QuickBooks can determine which tenants owe late fees based on their invoice date and the

preferences set for the grace period and late fee amount ([3.29 Changing QuickBooks “Preferences”](#)). Before you charge late fees, you need to record an invoice that charges them for rent, preferably automatically with a memorized transaction.

QuickBooks’ feature “Assess Finance Charges” allows you to charge a set amount as the late fee, including a grace period if desired. Any unpaid invoices exceeding the grace period will appear on the assess finance charges list.

Automatically charging late fees is based on:

- Your grace period (set in **Edit > Preferences** click **Finance Charge** icon, then the **Company Preferences** tab)
- The day rent is due for each tenant (set it up in **Lists > Memorized Transactions List**, open the appropriate memorized transaction invoice, and verify it is entered on the 1st of the month).

When you create an Invoice, you must charge for something. That something in QuickBooks is called an “Item.” You will have items for rent, late fees, bad checks and more. Look at the Items List in the sample data file. Click in the Menu Bar: **Lists > Item List**. Refer to the previous section on how to set up the Late Fee item.

See Also



You must set the Finance Charge preferences, please refer to section [3.29 Changing QuickBooks “Preferences”](#). Also see section [3.14 “Items” go on Every Invoice](#).

Quick Tip

It is possible the following information window pops up. It is saying you may have not “Received Payments” from one of your tenants properly, as they made a payment or have a credit as well as an unpaid invoice.

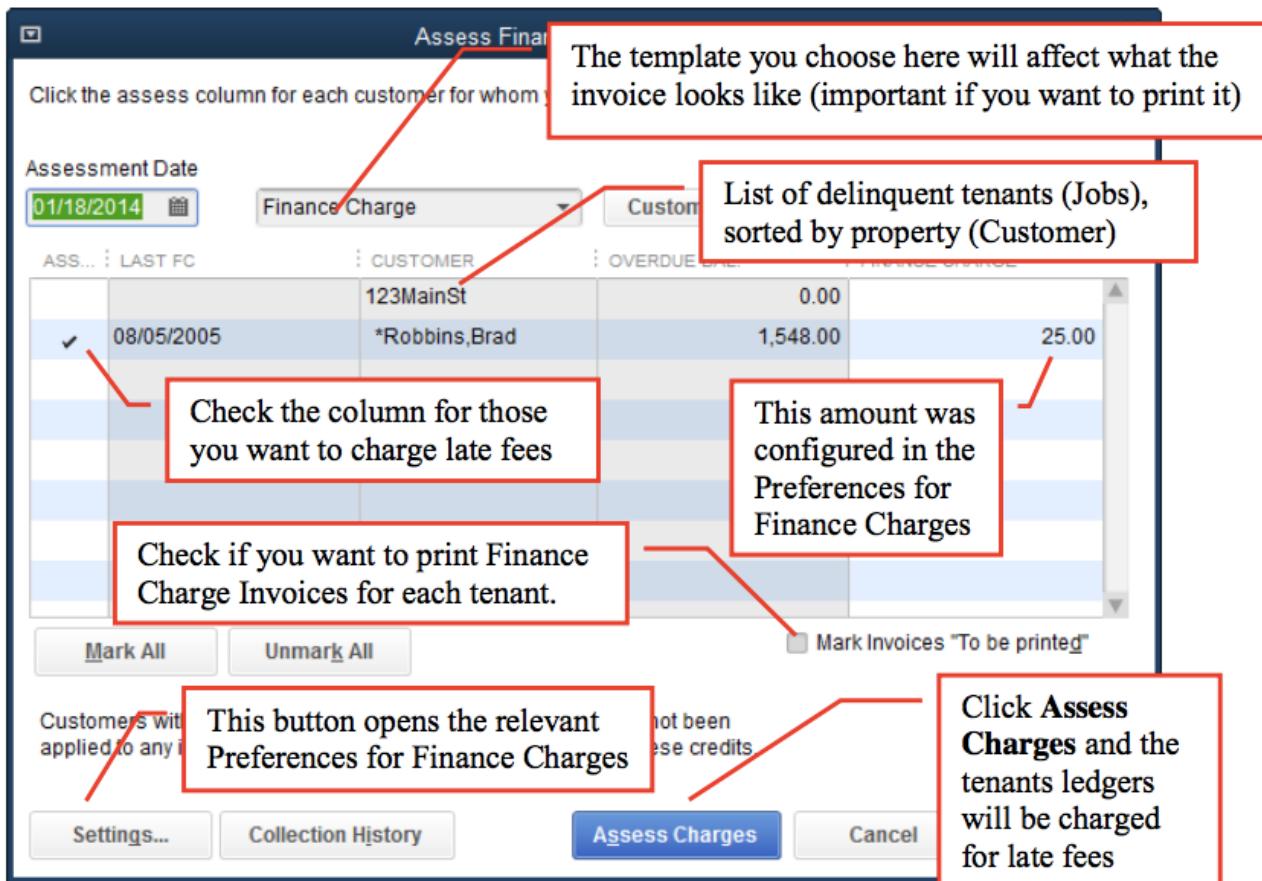


Do you want to apply the payment or credit to the unpaid invoice? Probably you do, so look through your previously entered “Receive Payments” and see if one is missing the checkbox next to an invoice.

DATE	NUMBER	ORIG. AMT.	AMT. DUE	PAYMENT
09/01/2005	1061	775.00	775.00	775.00
01/01/2014	1097	775.00	775.00	0.00

This could also occur if a tenant has a credit due to prepaid rent. If that is the case (or if the tenant needs a credit for any reason), this message can safely be ignored – you don’t have a problem.

After the grace period has run out and some tenants have not yet paid their rent, it’s time to assess finance charges. Click in the Menu Bar, **Customers > Assess Finance Charges**.



After you click **Assess Charges** they will have posted to the tenant's ledger.

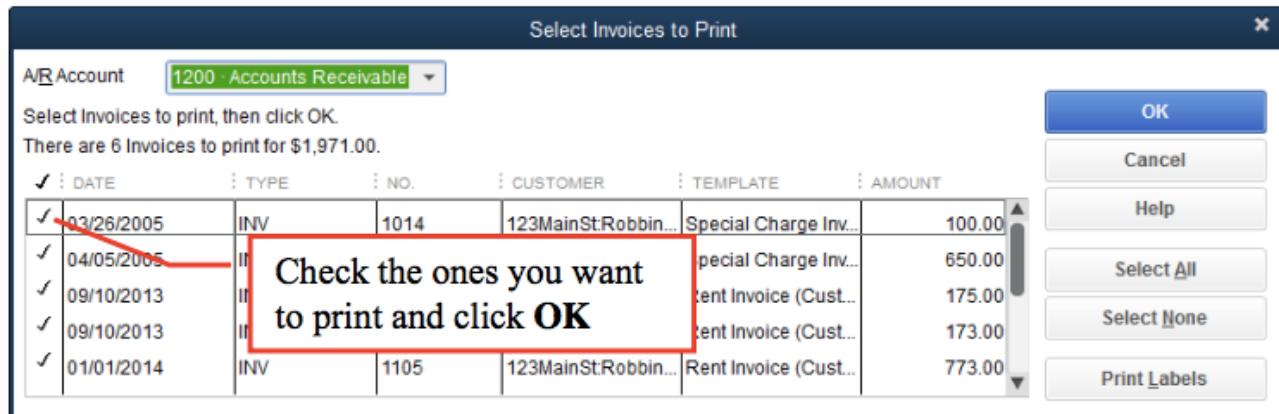
If you clicked the Collection History button in the Assess Finance Charges window, you would see the following report.

Collections Report									
Customize Report		Share Template		Memorize		Print		E-mail	
Dates: Custom		01/18/2014		Past due: 1		Sort By: Default			
10:23 PM		YourCompany LLC							
01/18/14		Collections Report							
		As of January 18, 2014							
Type	Date	Num	P. O. #	Terms	Due Date	Class	Aging	Open Balance	
123MainSt									
Robbins,Brad									
(123) 555-1999									
Invoice	01/01/2014	1105		01/01/2014	123MainSt	17	773.00		
Invoice	01/14/2014	1097		01/14/2014	123MainSt	4	776.00		
Total Robbins,Brad							1,548.00		
Total 123MainSt							1,548.00		
TOTAL:							1,548.00		

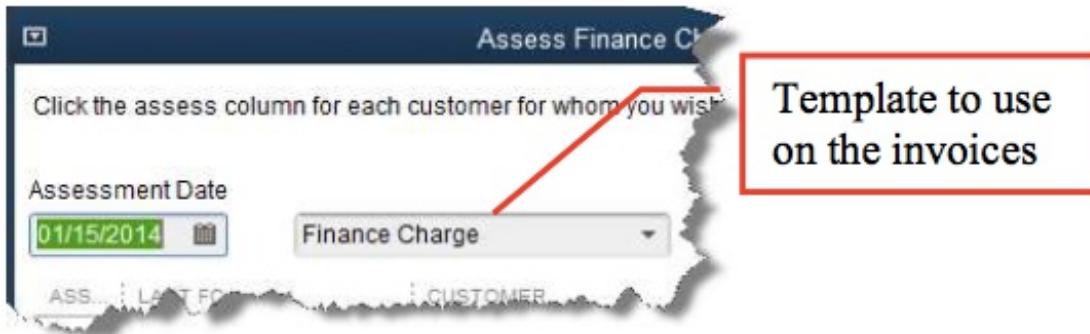
Useful by displaying number of days due and the open balance

This report is also accessible through Reports > Customers & Receivables > Collections Report

If you checked the “Mark Invoices ‘To be printed,’” you can print them by clicking in the Menu Bar, **File > Print Forms > Invoices...** The following screen will come up with all the unprinted invoices.



If you want to change the look or formatting of the invoice, change the underlying template it was based on. You chose that in the Assess Finance Charges window.



The template this was based on was the Intuit standard Finance Charge Invoice Template. By default, the Finance Charge invoice looks like this.

YourCompany LLC

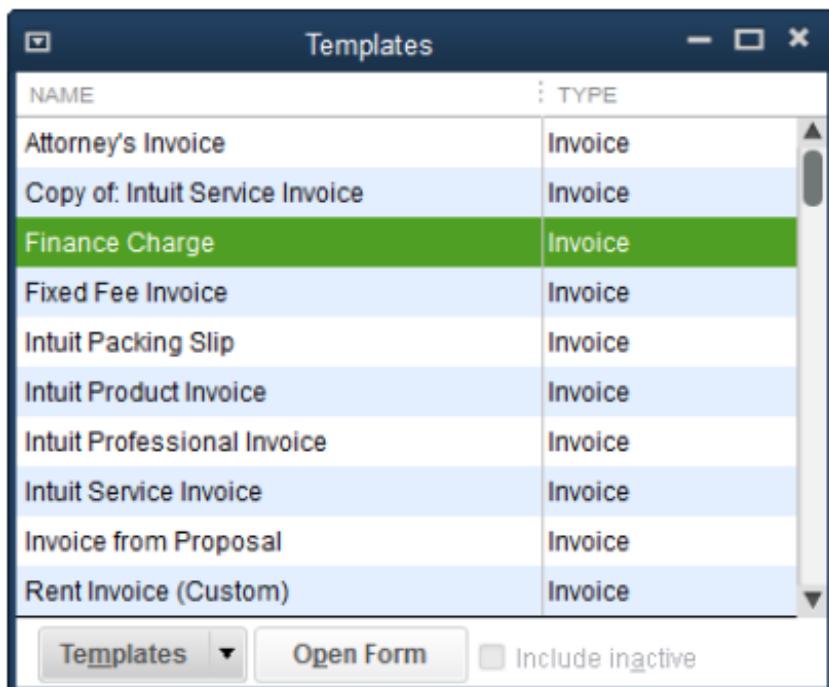
Finance Charge

Date	Invoice #
1/17/2014	1106

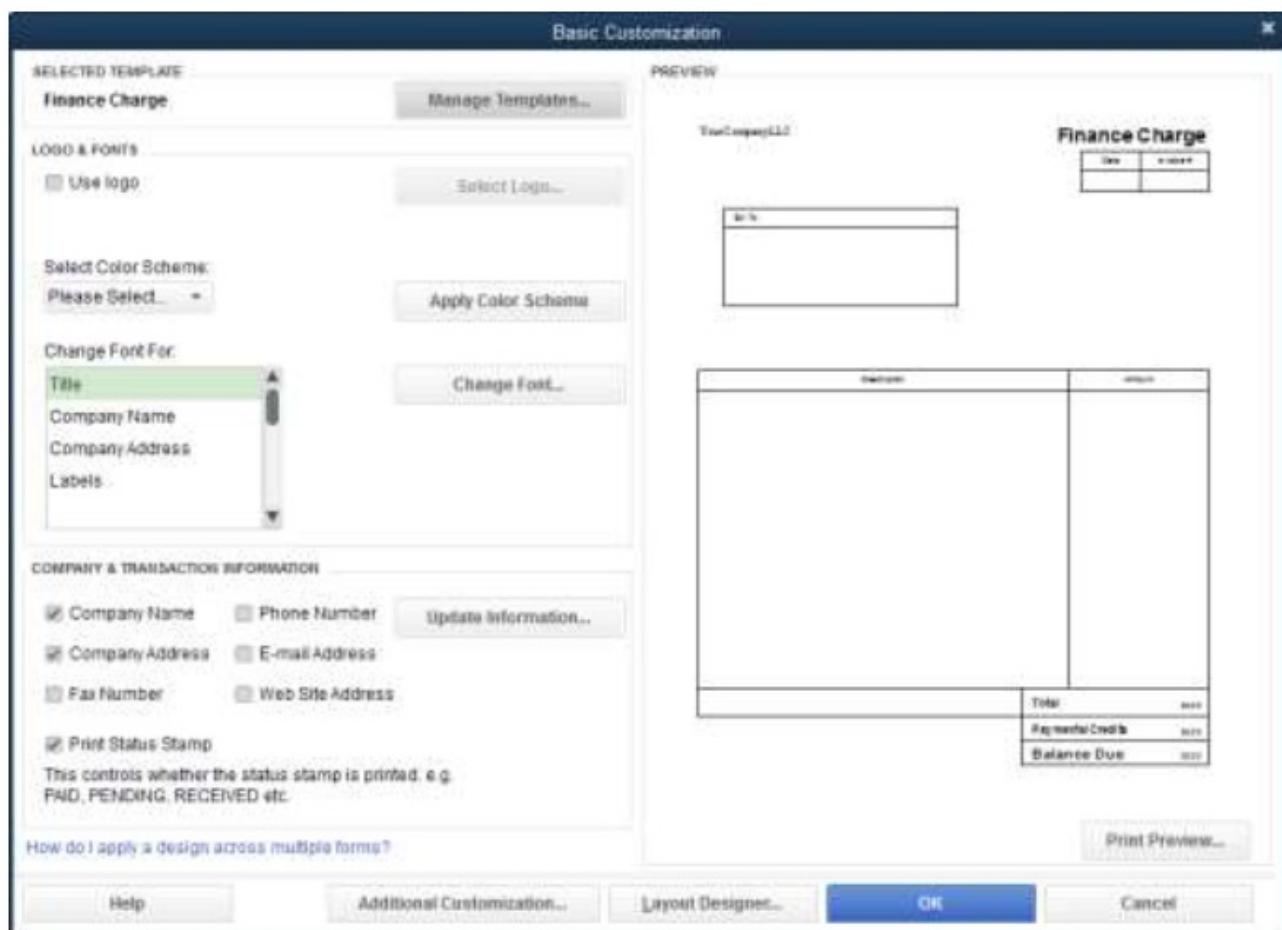
Bill To

Description	Amount
Total	\$0.00
Payments/Credits	\$0.00
Balance Due	\$0.00

You can customize templates by clicking in the Menu Bar, **Lists > Templates**.



Right click on one and choose **Edit Template**.



5.06 Deal with Bad Checks

Tenants may write checks that bounce. If the bank notifies you a check you deposited has been returned because of insufficient funds, you must do all of:

1. Re-charge the tenant for rent
2. Charge the tenant for the NSF fee
3. Pay your bank an NSF fee

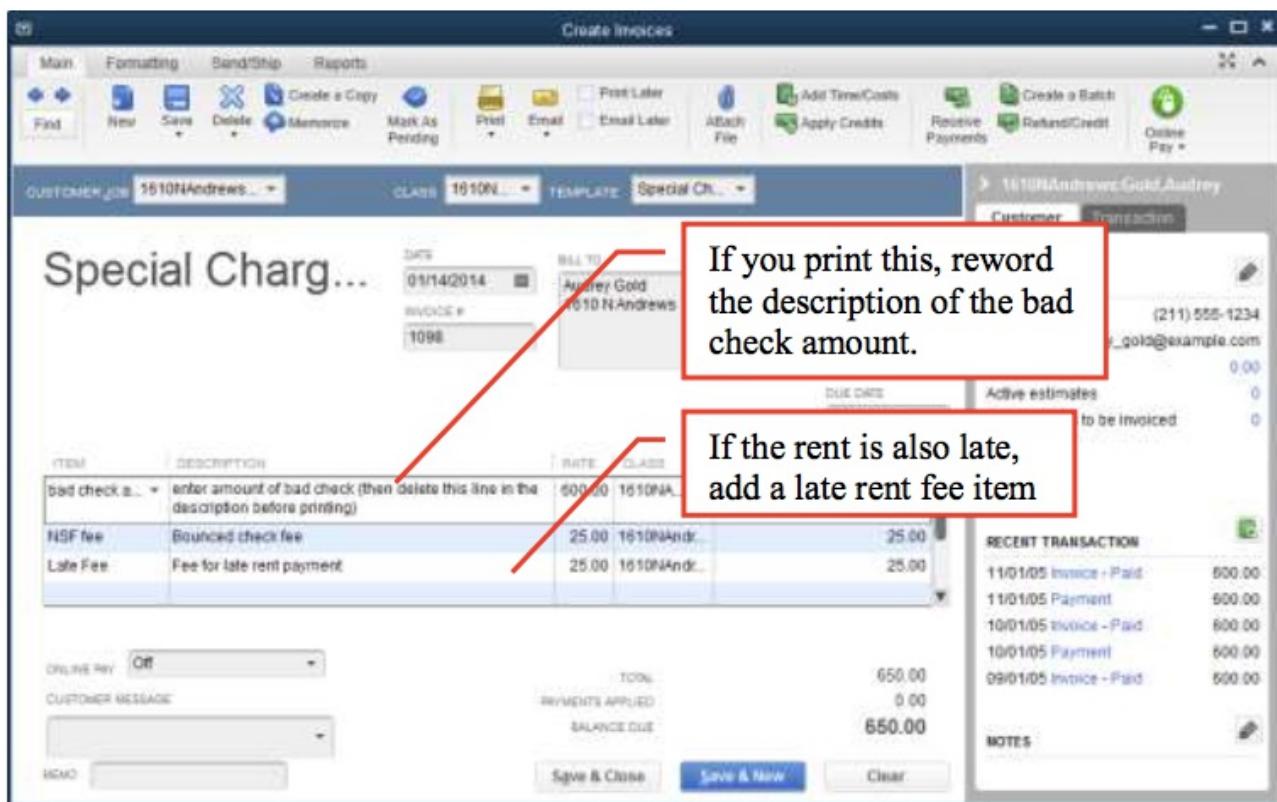
Assuming you already created an original invoice and received payment (which bounced); create a new Invoice using the **bad check amt** item for the amount of the bad check.

Also in the same invoice, add the **NSF fee** item that you charge tenants for a bad check. Create the invoice, optionally printing it and sending it to the Tenant.

These items exist in the sample files. If you need to create them yourself, both are “Other Charges”.

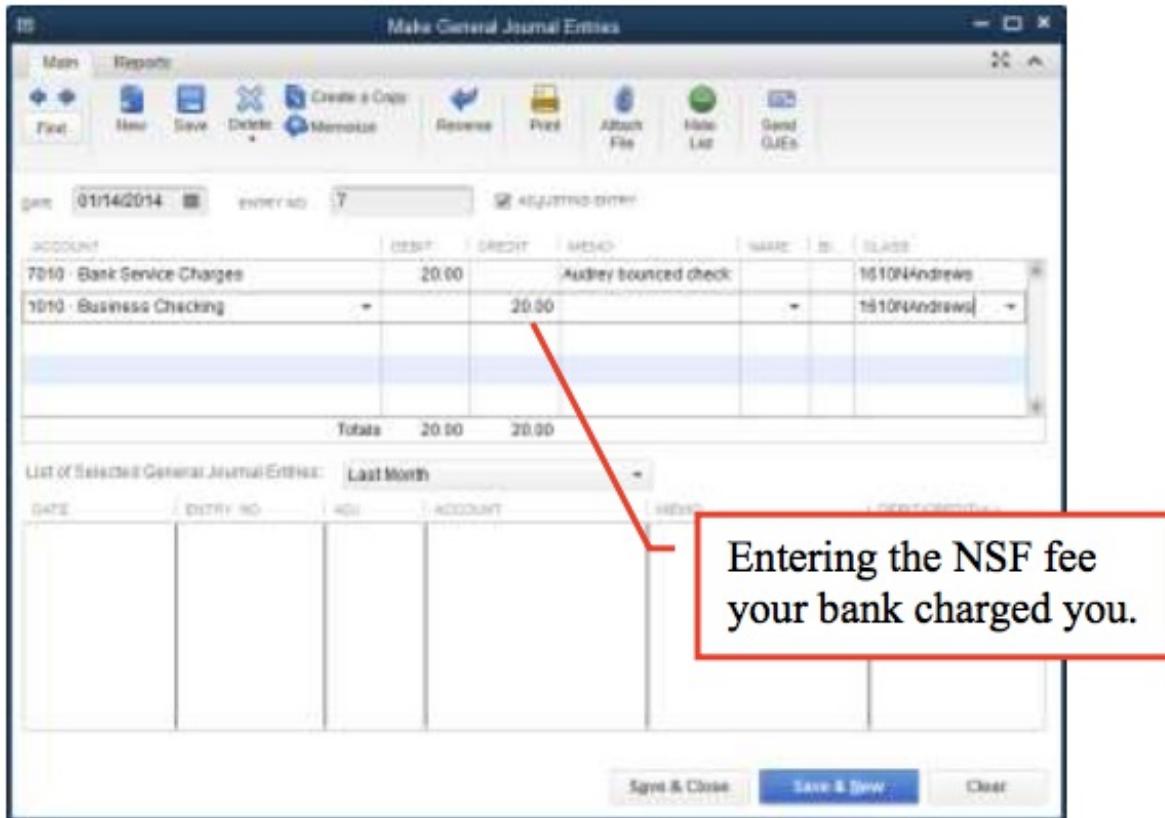
The **bad check amt** item posts to **1010 – Business Checking**. The **NSF fee** posts to **4200 – Fee Income:4230 – NSF Check Fee Income**.

Below is the new Invoice. Note that the Special Charge Invoice template is selected, and the appropriate class is selected at the top of the invoice, and in the line items.



This posts the amount of the bad check against your bank account, which increases the account's receivables by the same amount (causing the tenant to once again owe their rent).

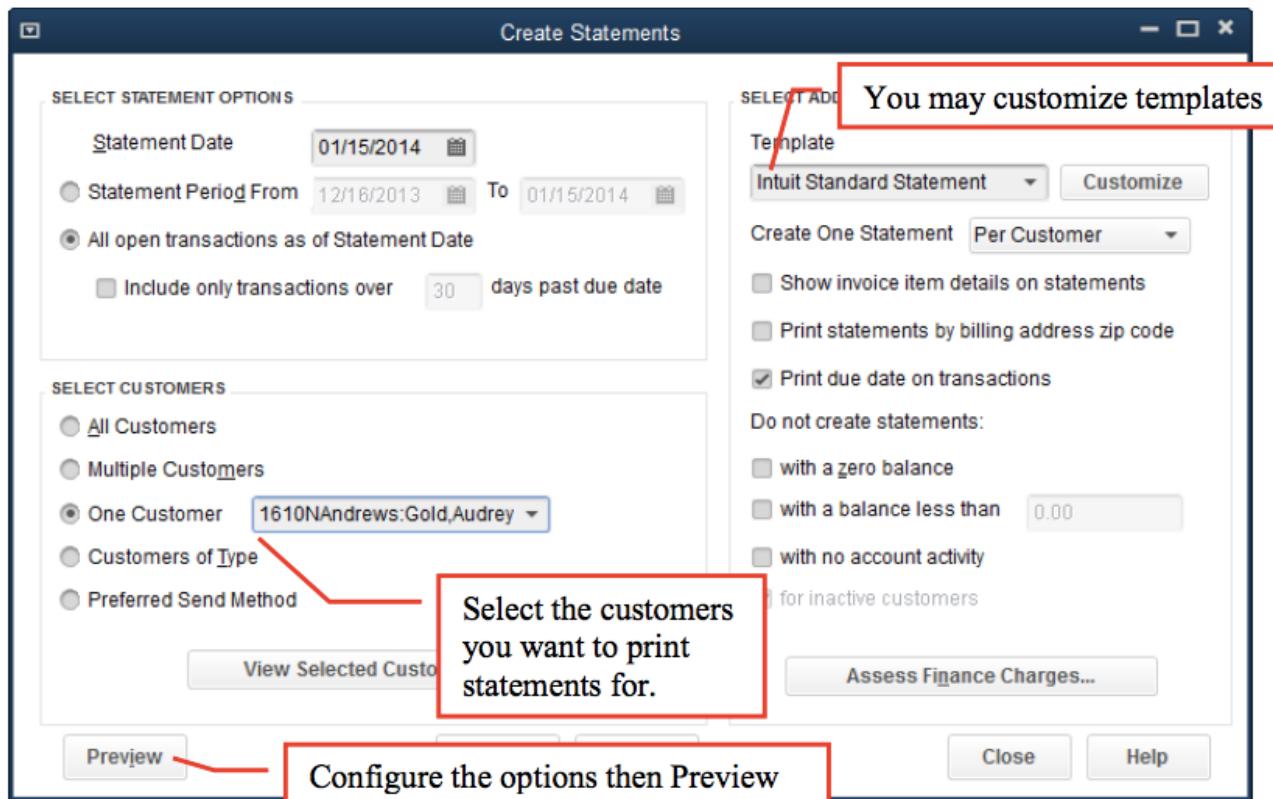
Add the NSF fee from your bank via a Journal Entry (**Company > Make General Journal Entry...**) decreasing (crediting) your checking account and increasing (debiting) the **7011 – NSF Bank Charge** account. If you forget, you will have to enter it when you reconcile with your bank statement.



5.07 Send Statements to Tenants

Occasionally it is helpful to mail a tenant a statement of their late charges, back due rent, or other fees to encourage him or her to pay the rent. QuickBooks can prepare a professional looking statement.

In the Menu Bar click **Customers > Create Statements**. This creates a statement of what is owed and how long it has been owed. This is also useful if preparing formal statements for eviction proceedings.



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An example statement for Audrey at 1610 N. Andrews is below. This is not included in the sample data file, as all invoices are paid for tenants. These Statements can have any type of charges on it, such as rent, late fee, and NSF charges. Simplify yours as necessary by customizing the Template.

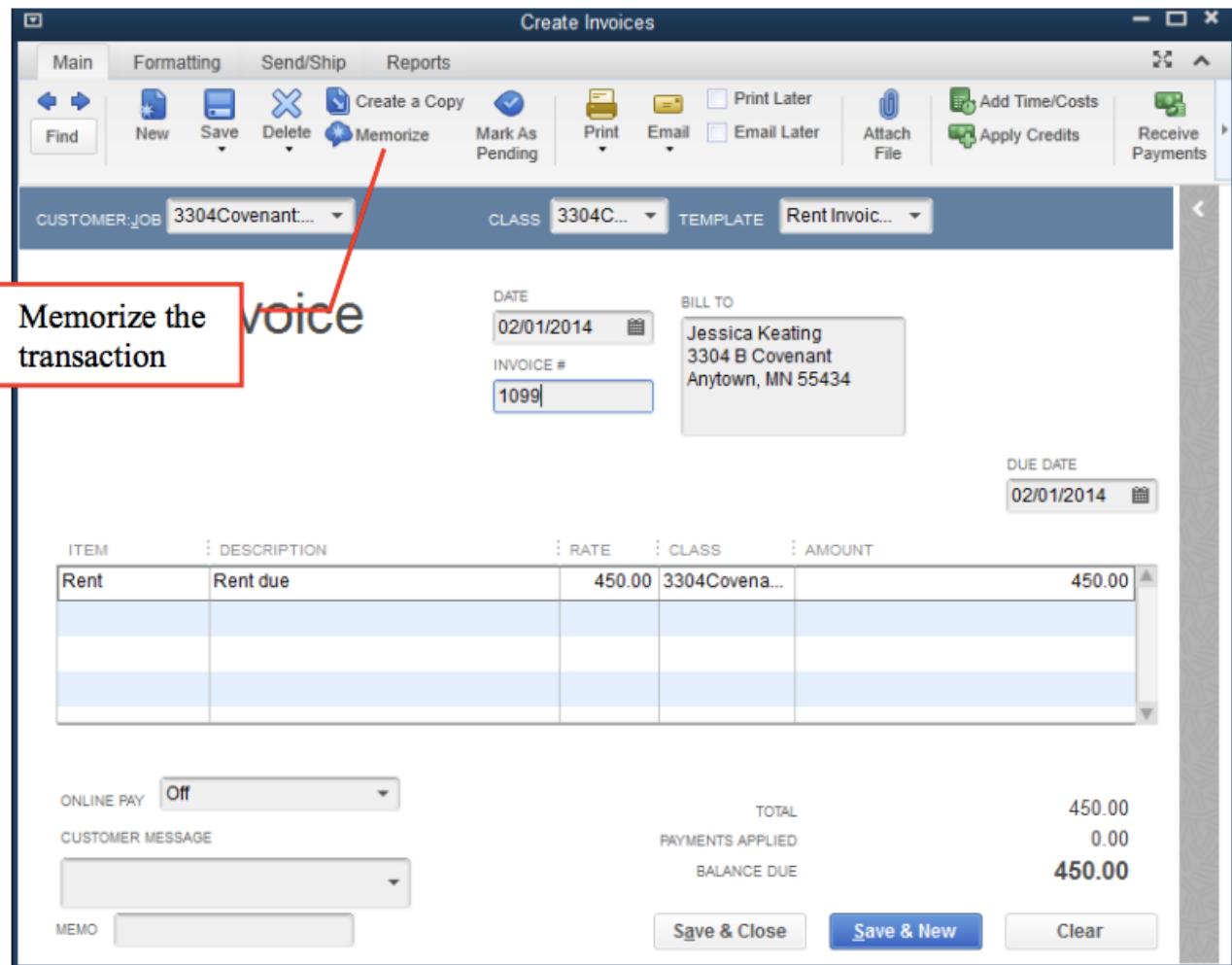
YourCompany LLC		Statement															
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">Date</td> </tr> <tr> <td>1/15/2014</td> </tr> </table>				Date	1/15/2014										
Date																	
1/15/2014																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">To:</td> <td style="width: 90%;">Audrey Gold 1610 N Adams</td> </tr> </table>		To:	Audrey Gold 1610 N Adams														
To:	Audrey Gold 1610 N Adams																
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Amount Due</th> <th style="width: 80%;">Amount Enc.</th> </tr> </thead> <tbody> <tr> <td>\$650.00</td> <td></td> </tr> </tbody> </table>				Amount Due	Amount Enc.	\$650.00									
Amount Due	Amount Enc.																
\$650.00																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 60%;">Transaction</th> <th style="width: 15%;">Amount</th> <th style="width: 10%;">Balance</th> </tr> </thead> <tbody> <tr> <td>01/14/2014</td> <td>Gold, Audrey INV #1098. Due 01/14/2014. Orig. Amount \$650.00.</td> <td>650.00</td> <td>650.00</td> </tr> </tbody> </table>		Date	Transaction	Amount	Balance	01/14/2014	Gold, Audrey INV #1098. Due 01/14/2014. Orig. Amount \$650.00.	650.00	650.00								
Date	Transaction	Amount	Balance														
01/14/2014	Gold, Audrey INV #1098. Due 01/14/2014. Orig. Amount \$650.00.	650.00	650.00														
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">CURRENT</th> <th style="width: 15%;">1-30 DAYS PAST DUE</th> <th style="width: 15%;">31-60 DAYS PAST DUE</th> <th style="width: 15%;">61-90 DAYS PAST DUE</th> <th style="width: 15%;">OVER 90 DAYS PAST DUE</th> <th style="width: 15%;">Amount Due</th> </tr> </thead> <tbody> <tr> <td>0.00</td> <td>650.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>\$650.00</td> </tr> </tbody> </table>				CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due	0.00	650.00	0.00	0.00	0.00	\$650.00
CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due												
0.00	650.00	0.00	0.00	0.00	\$650.00												

5.08 Enter Prepaid Rent

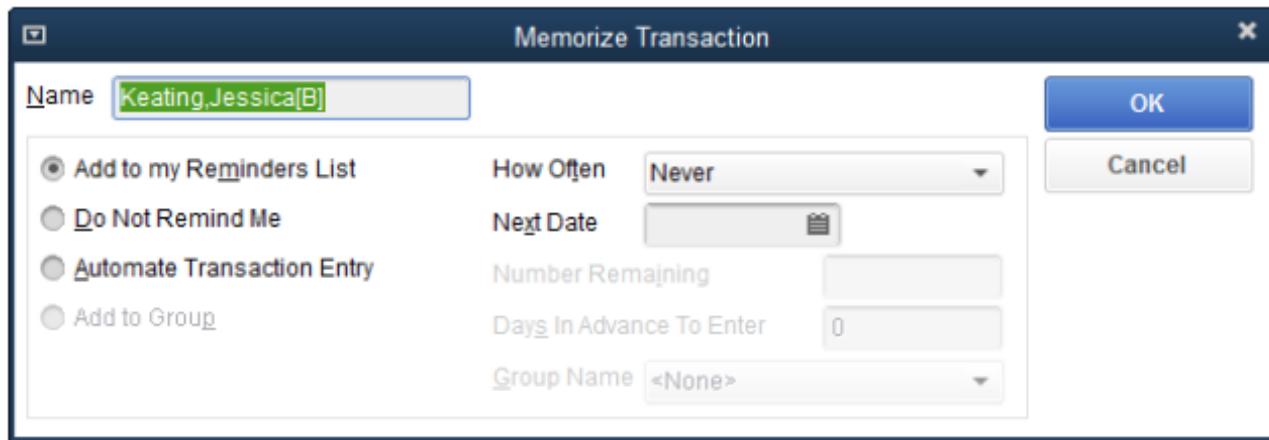
This method assumes your company is using the cash accounting method where income is recognized at the time the payment is received. If you use the accrual method, which recognizes income as the service (inhabitation) is performed, ask your accountant to assist you with creating an unearned revenue liability account which slowly converts to income.

When you receive prepaid rent, under cash accounting, it is all income. Imagine if a tenant pays you \$4,050 upfront for 9 months of rent (\$450 due the first of each month). \$4,050 is paid the 1st of the first month, and is split as a \$450 rent payment and \$3600 in prepaid rent.

First enter the invoice charging the tenant for the rent in the normal method. Memorize this invoice and set it to be entered monthly on the first.



As a reminder, this is how you memorize a monthly rent transaction.

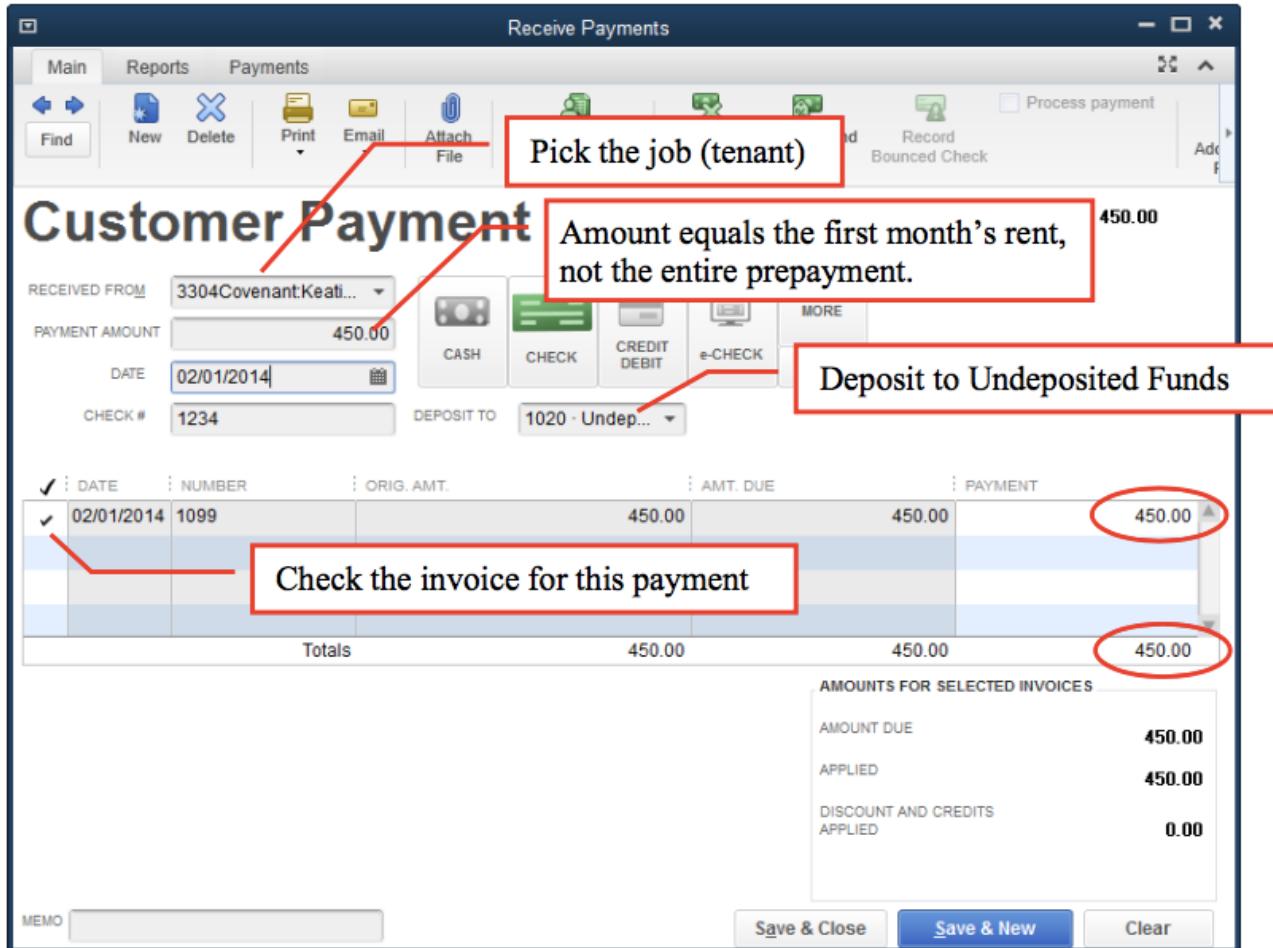


Next click in the Menu Bar, **Customers > Receive Payments** for the first month's rent. The amount is equal to the first month's rent. Do not enter the full amount of the payment – only the first month is due. The amount you enter should match the amount on the invoice you check in the bottom half of the screen.

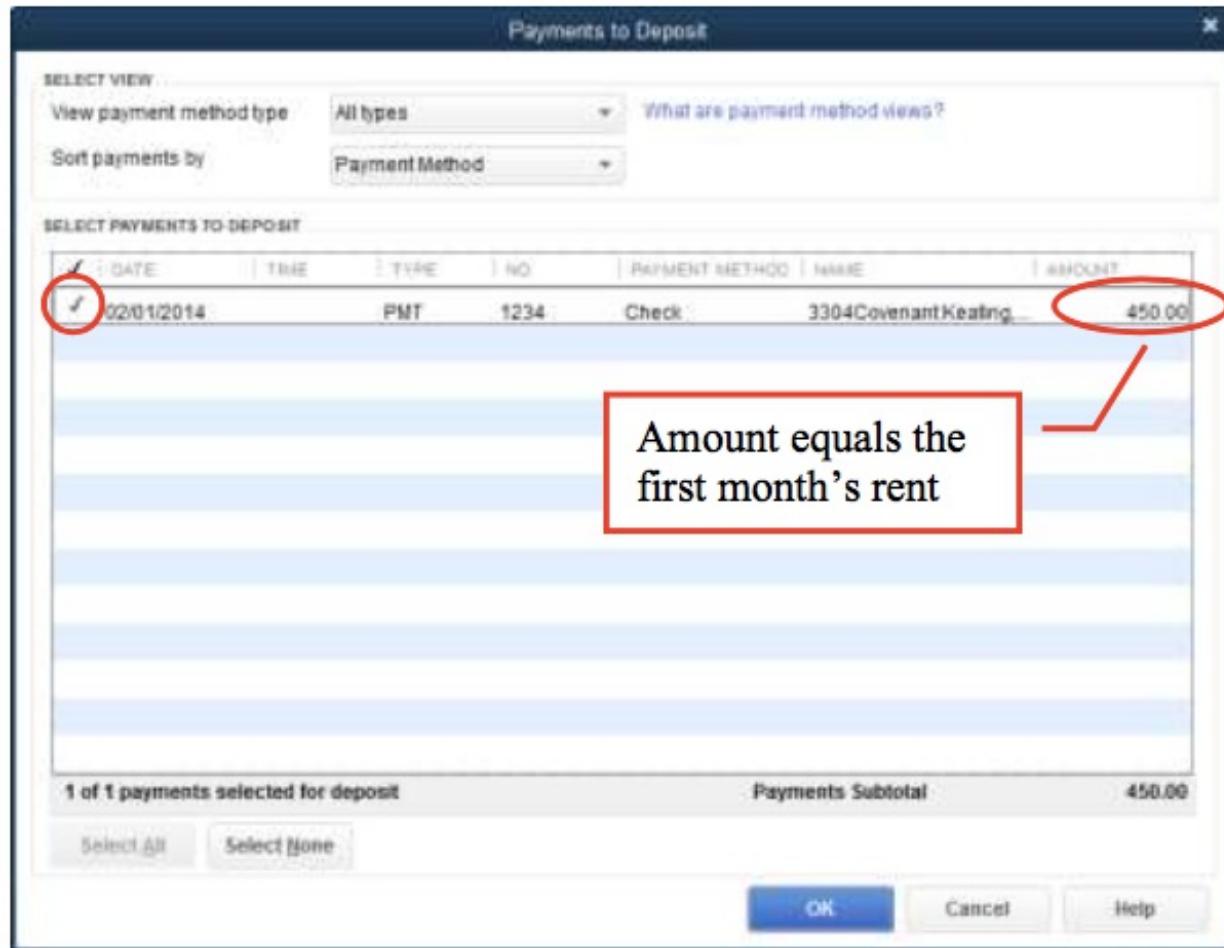
Update

For this Customer Payment, you will Deposit to “Undeposited Funds.” (This is the recommended method when receiving payments.)

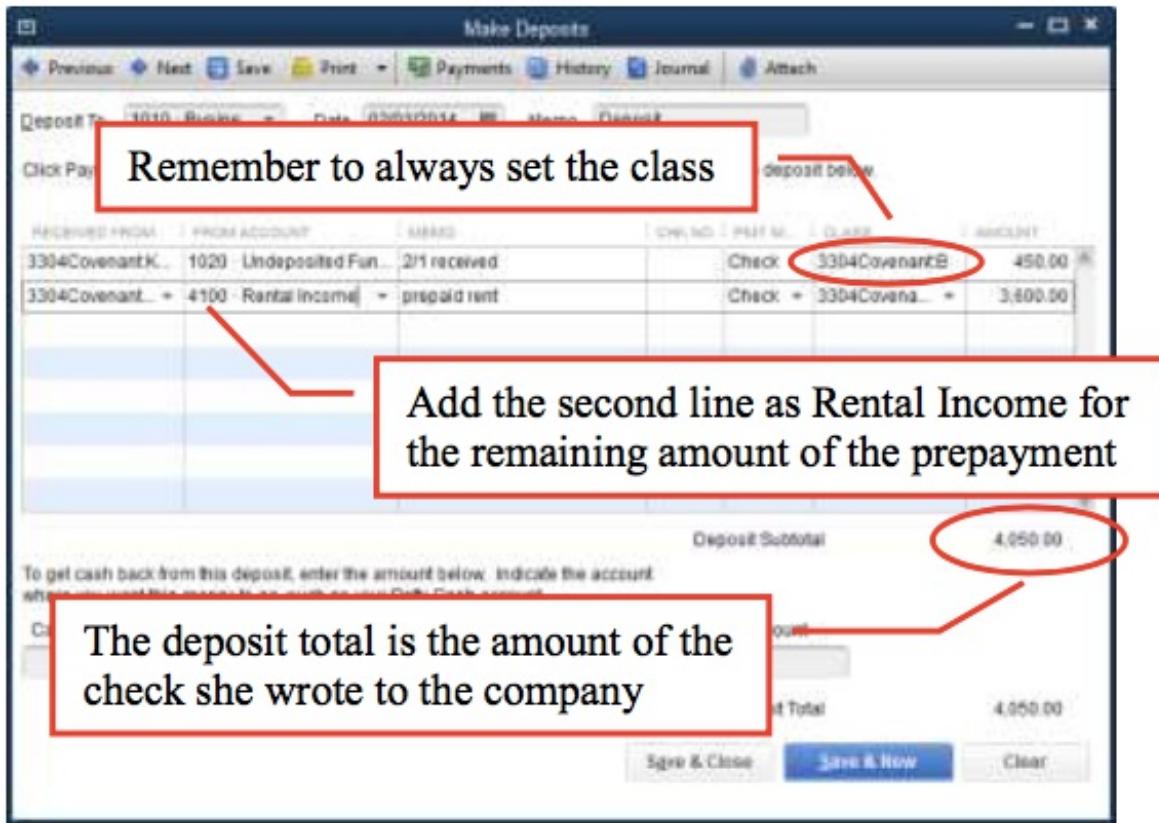
The first version of this book suggested not depositing into undeposited funds. However, our experience and customer feedback has found using Undeposited Funds is the best method. You benefit going to the bank with a stack of checks (entered into Undeposited Funds) and make one deposit, which then creates only one entry you need to reconcile.



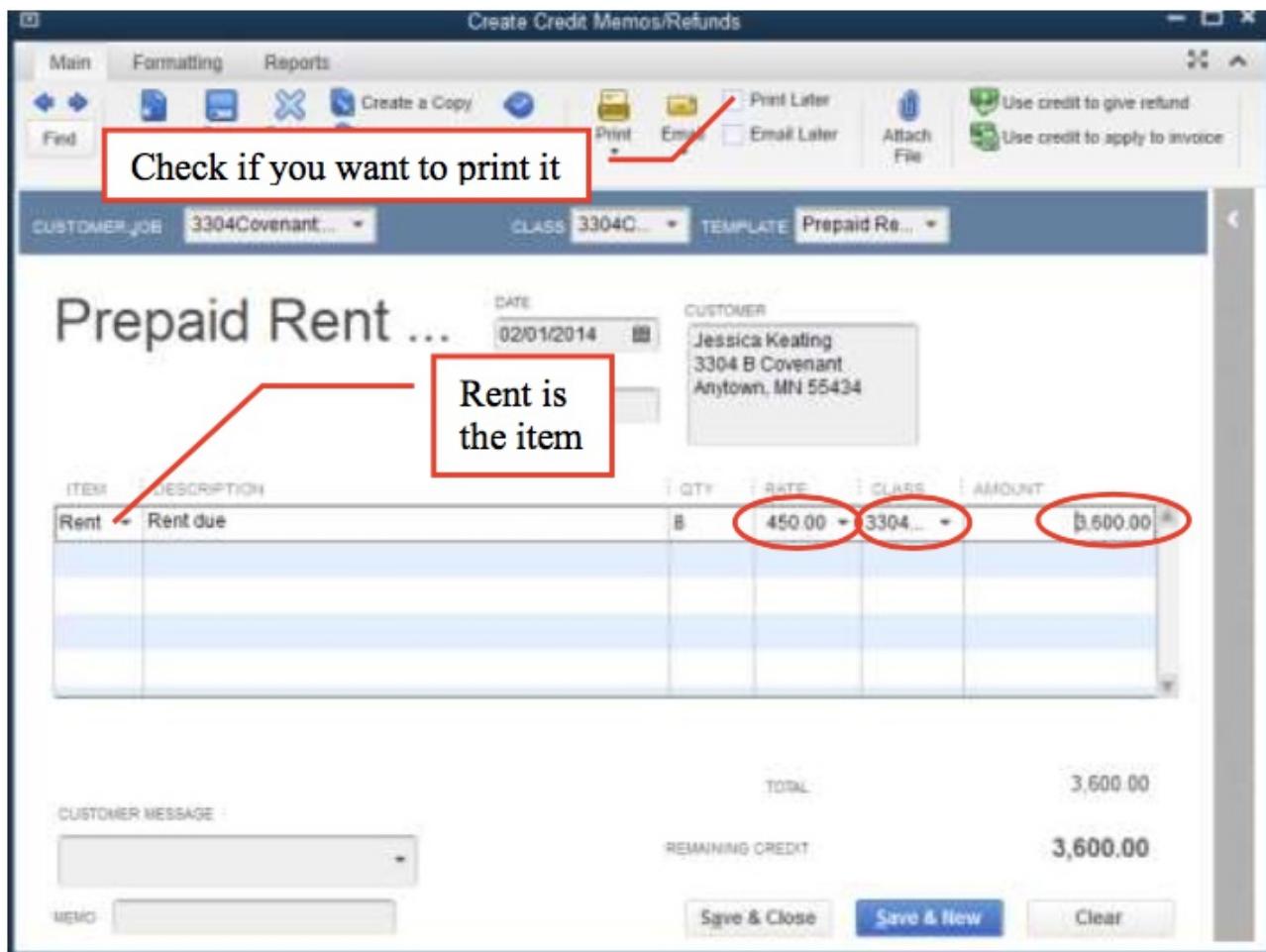
Make deposits by clicking in the Menu Bar **Banking > Make Deposits...** You will see the following popup alerting you that you have payments in Undeposited Funds ready to deposit. Check the box for the previous payment, which was grouped with other undeposited funds. Click **OK**.



After you click **OK**, in the Make Deposits window, add a new line for the remaining \$3,600 prepayment. Choose the account as the rental income account. Enter this deposit.



Lastly, you will create a credit memo for the prepaid part of the rent. In this case the credit memo will be for \$3,600.



If you want to print the Credit Memo, click **File > Print Forms... > Credit Memos...**

Caution



You may want to enter the full \$4,050 as the amount you received through Receive Payments and only apply \$450 to the first month's rent. In other words, you would not Make Deposits for the \$3,600 plus \$450 for the first payment. This seems to work, but is wrong for cash accounting.

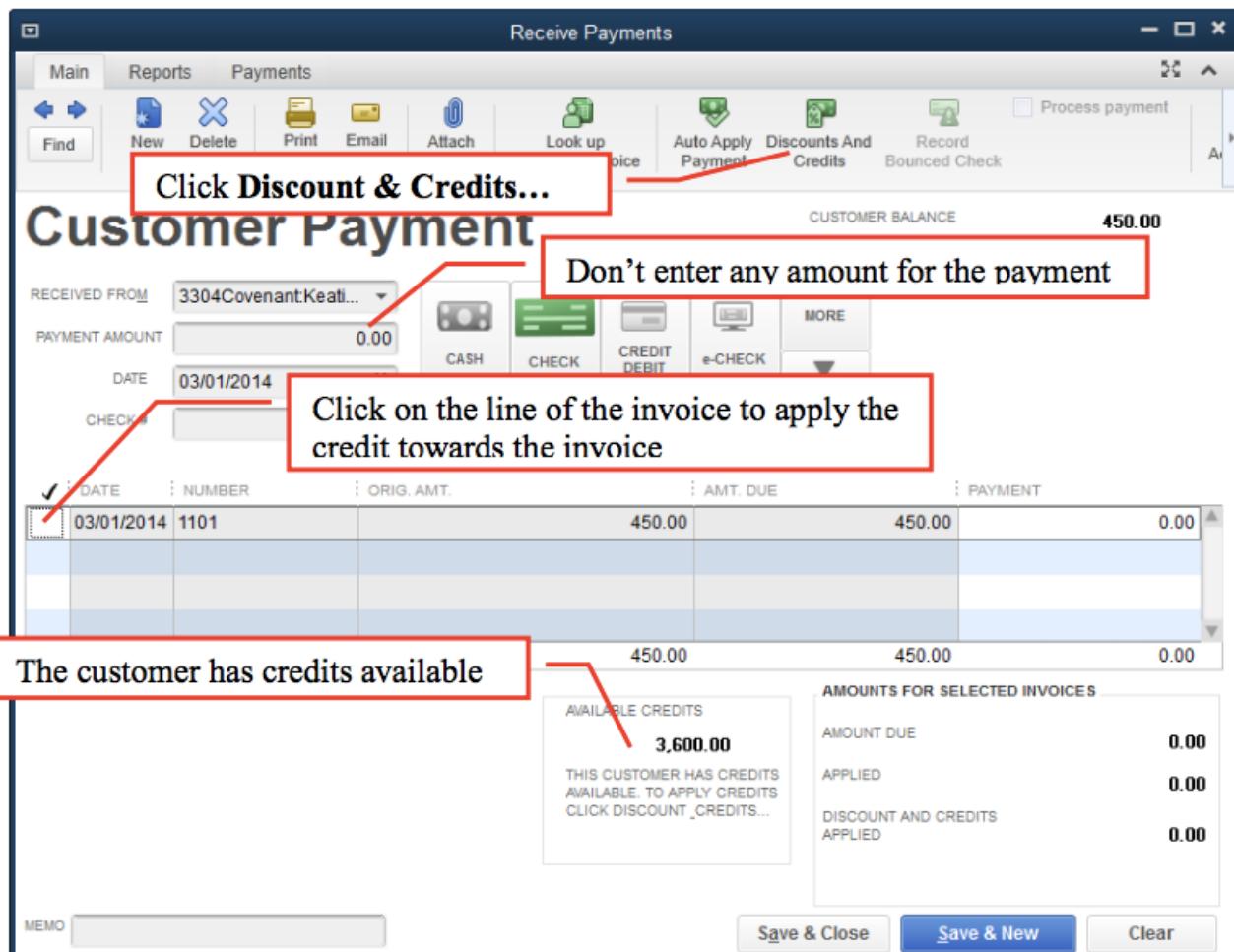
If you make a deposit with the Received Payments window and there are not enough outstanding invoices that have the credits applied to cover all you receive, the extra will not be reflected on the P&L statement. It remains a credit for that tenant. If the financial statements are on a cash basis, QuickBooks uses the later of the date the payment was received and the date of the invoice to determine when revenue will be reported.

To summarize, in handling prepaid rent with cash accounting, you must receive payments for the first month's rent (here, only \$450). Then Make Deposits for the remaining \$3,600, choosing Rent Income as the account. Lastly, issue a Credit Memo.

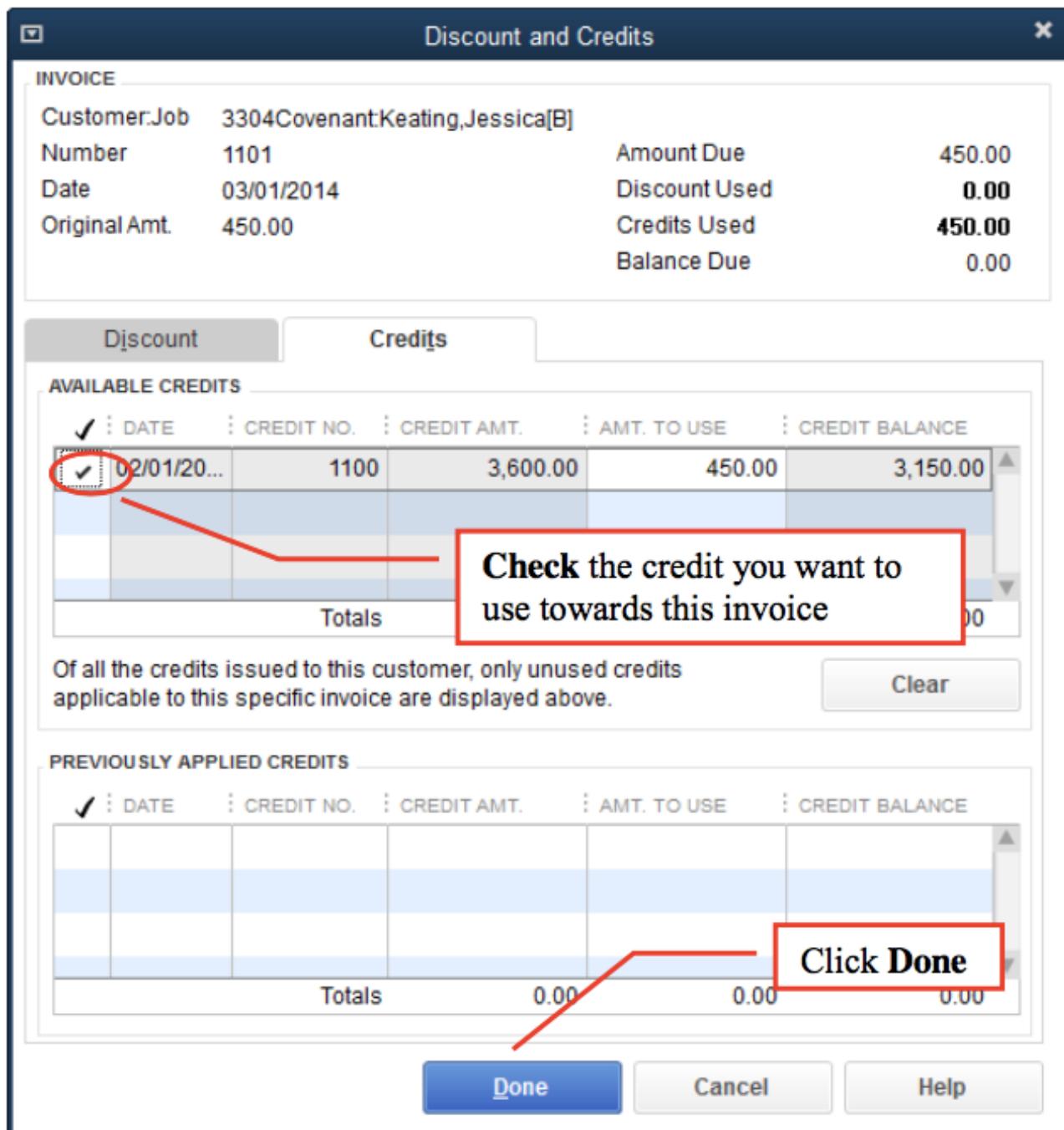
5.09 Receiving Prepaid Rent

This assumes you followed the previous section's instructions for initially entering the prepaid rent. In the following months, enter the (memorized) invoice. This will automatically decrease the tenant's credit memo by the amount due.

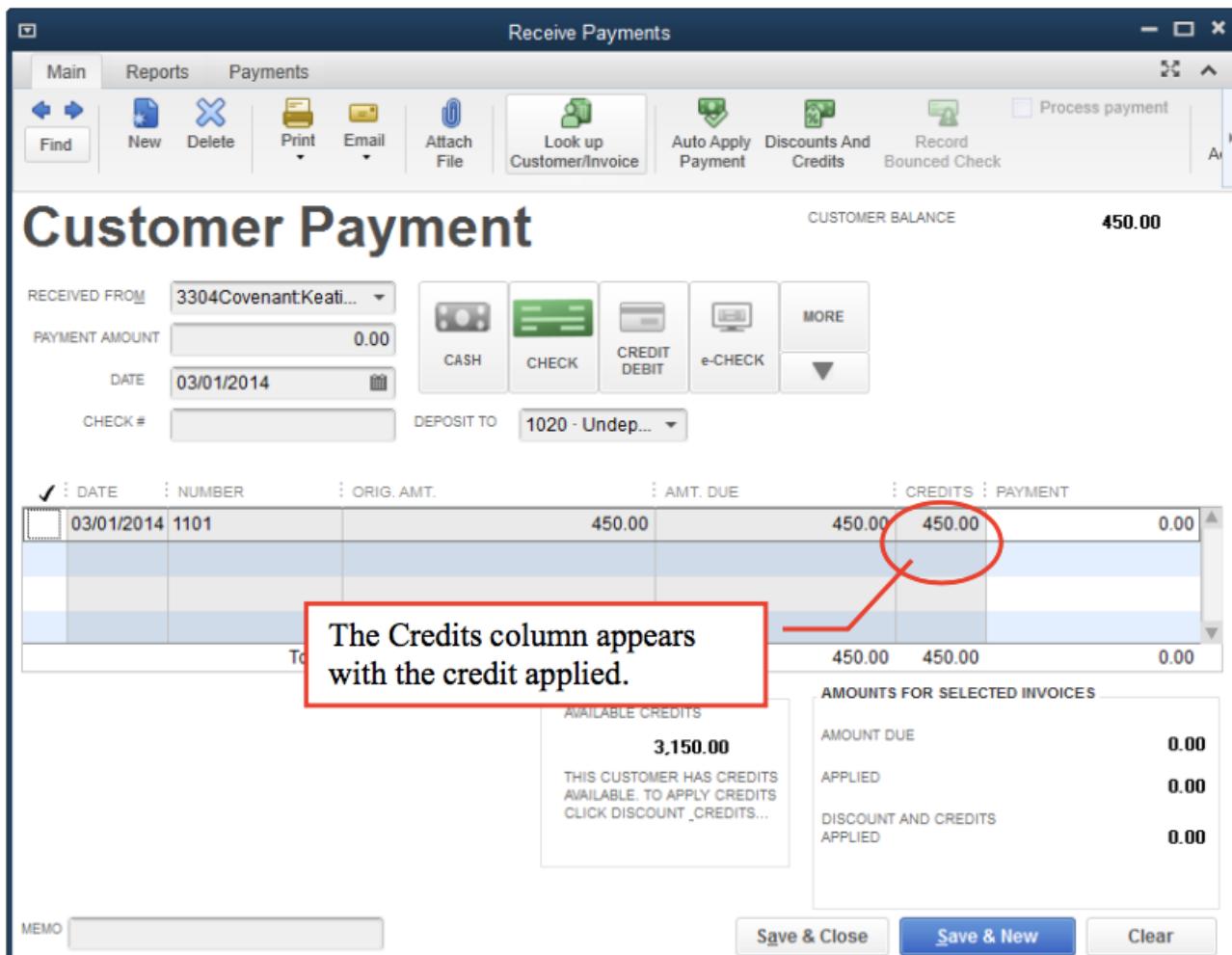
Then go to Receive Payments by clicking in the Menu Bar, **Customers > Receive Payments**. Choose the customer but do not type in an amount. Instead click on the line of the invoice or bill you want to apply a credit to.



Then click the **Discounts and Credits...** button. The following window opens up.



When you click **Done**, a Credits column will be added to the Customer Payment.

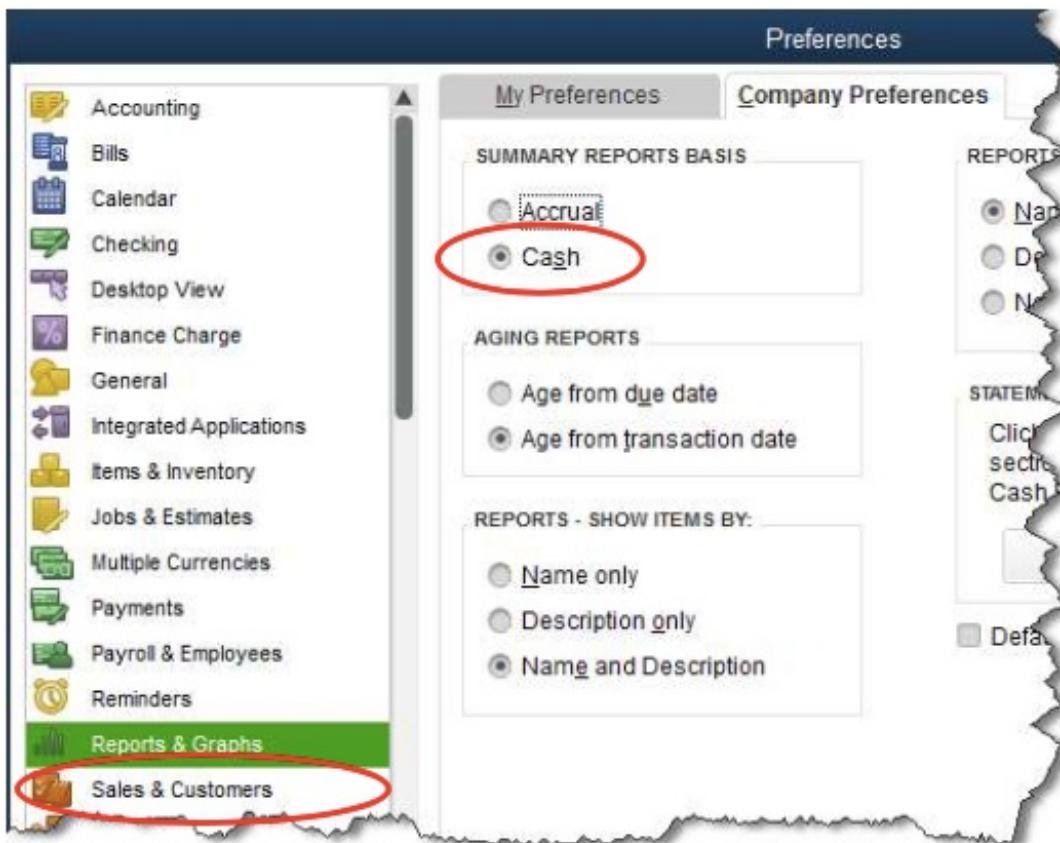


Assuming you are using cash accounting, at any time you can create a P&L report it will show the full prepayment as income in the year it was paid. Below is a sample for Keating, Jessica in the data file. Create it with **Reports > Company & Financial > Profit & Loss Detail**. Then filter to only include the class **3304Covenant:B**.

YourCompany LLC Profit & Loss Detail All Transactions													
Type	Date	Num	Adj	Name	Memo	Class	Ctr	Split	Debit	Credit	Original Amount	Balance	
Credit Memo	05/01/2005	1018		3304Covenant:Keat...	Monthly rent	3304Ca...	1200 Accru...		3,600.00		-3,600.00	450.00	
Invoice	05/01/2005	1528		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	0.00	
Invoice	06/01/2005	1040		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	1,350.00	
Invoice	07/01/2005	1048		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	1,000.00	
Invoice	08/01/2005	1057		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	2,250.00	
Invoice	09/01/2005	1067		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	2,700.00	
Invoice	10/01/2005	1074		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	3,150.00	
Invoice	11/01/2005	1084		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	3,600.00	
Invoice	12/01/2005	1091		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	4,050.00	
Invoice	02/01/2006	1099		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	4,500.00	
Deposit	02/01/2006			3304Covenant:Keat...	prepaid rent	3304Ce...	1010 Burre...			3,600.00		8,100.00	
Credit Memo	03/01/2014	1108		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...		450.00		-3,600.00	7,050.00	
Invoice	03/01/2014	1121		3304Covenant:Keat...	Rent due	3304Ce...	1200 Accru...			450.00	450.00	8,100.00	
Total 4100 - Rental Income										4,050.00	12,150.00		8,100.00
Total Income										4,050.00	12,150.00		8,100.00

Note that the report needs to be set to use cash accounting. When you have opened a P&L report,

click Customize Report and verify that cash is selected. You may also want to configure Cash accounting in your preferences (**Edit > Preferences..., Reports & Graphs** icon, **Company Preferences** tab, select **Cash**). This will only default Summary Reports to Cash accounting, Transaction Detail reports will still use Accrual unless changed through the Customize Report button after creating the report.



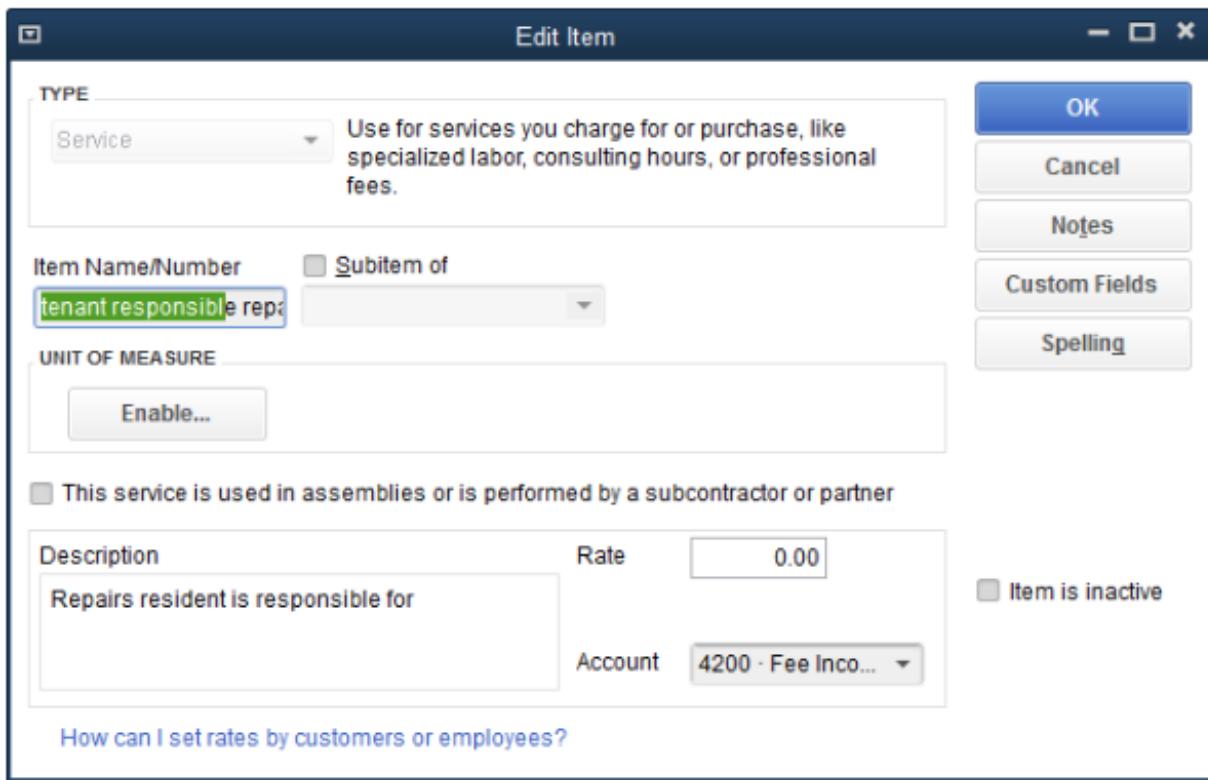
For more information on reports, refer to [Chapter 7. Reporting Tasks](#). Also refer to the Quick Tip clarifying cash and accrual reports in section [7.04 Profit and Loss Detail Report](#).

5.10 Charge for Damages while Rented

Sometimes you will discover a current tenant's unit needs repairs that they are responsible for paying. Create an item and use that on an invoice which will be sent to the tenant. If they are not responsible for paying it, then it is regular maintenance or capital improvements as described previously. You have the option of invoicing the tenant for only the actual amount of repairs, or charging for the expense plus a premium, recognized as fee income.

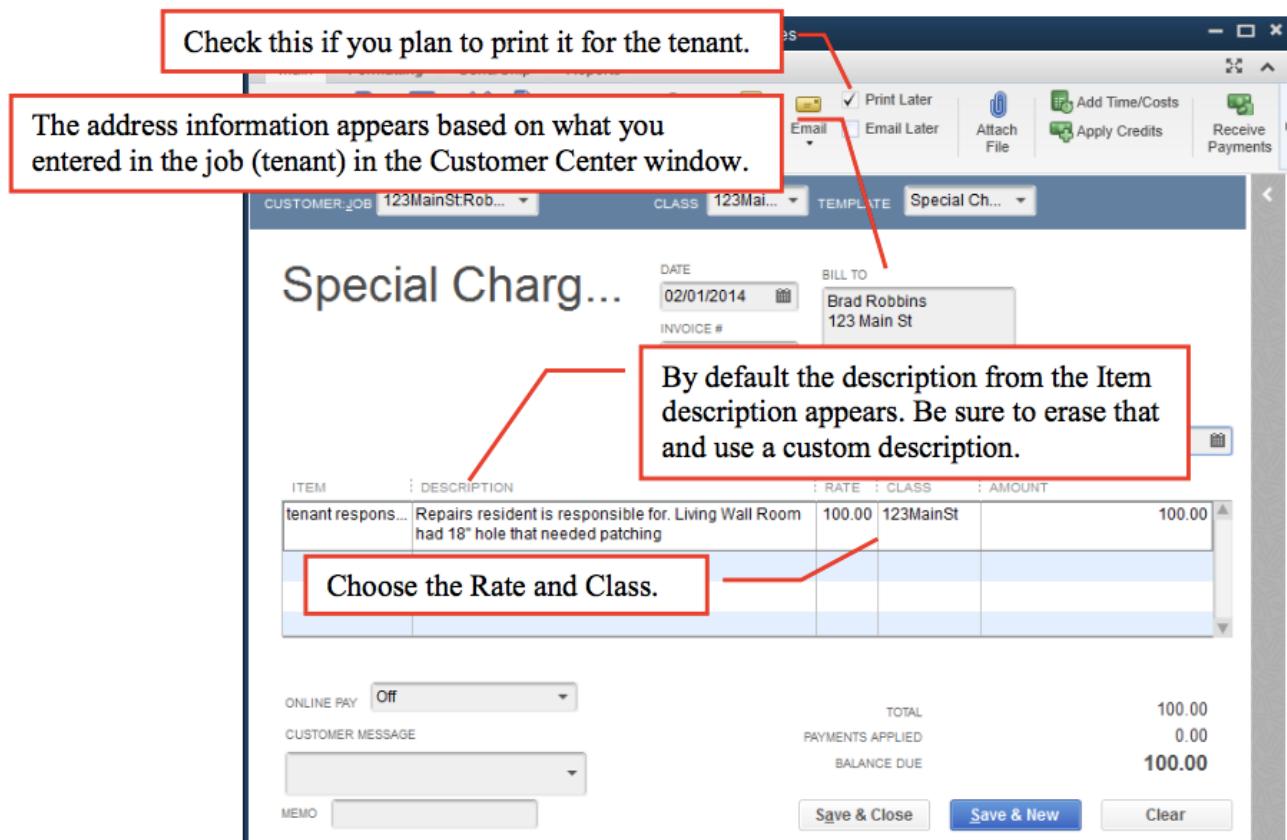
Create a new Item by clicking in the Menu Bar, **Lists > Item List**. In the item, use the appropriate income account, below it was **4250 – Damages Repairs & Fee**. Leave the Rate 0.00 to fill it in

later when an actual amount is known. This item already exists in the sample company file.



Pay the repair as normal with a check or via reimbursement (described elsewhere) to an owner who paid for the repair. Remember to include the property's class in the transaction.

In order to be reimbursed by the tenant, you will charge the tenant in an invoice for the "Tenant Responsible Repairs" Item. Open the Customer Center (**Ctrl + J**) and highlight the job (tenant) you will charge these fees to. Then right click and **Create Invoices** (or click the **New Transactions** button and **Invoices**). The following window will appear.



To print the invoice for mailing to the tenant click in the Menu Bar: **File > Print Forms > Invoices.**
Check the boxes for the invoices you want to print.



The invoice will look something like this:

YourCompany LLC

Special Charge Invoice

Date	Invoice #
3/26/2005	1014

BILL TO
Brad Robbins 123 Main St

Description	Rate	Amount
Repairs incident is responsible for. Living room wall had 18" hole that needed patching.	100.00	100.00
Total		\$100.00

See Also



If the tenant is charged for damages after they have left, refer to section [5.15 Partially Refund Security Deposits](#).

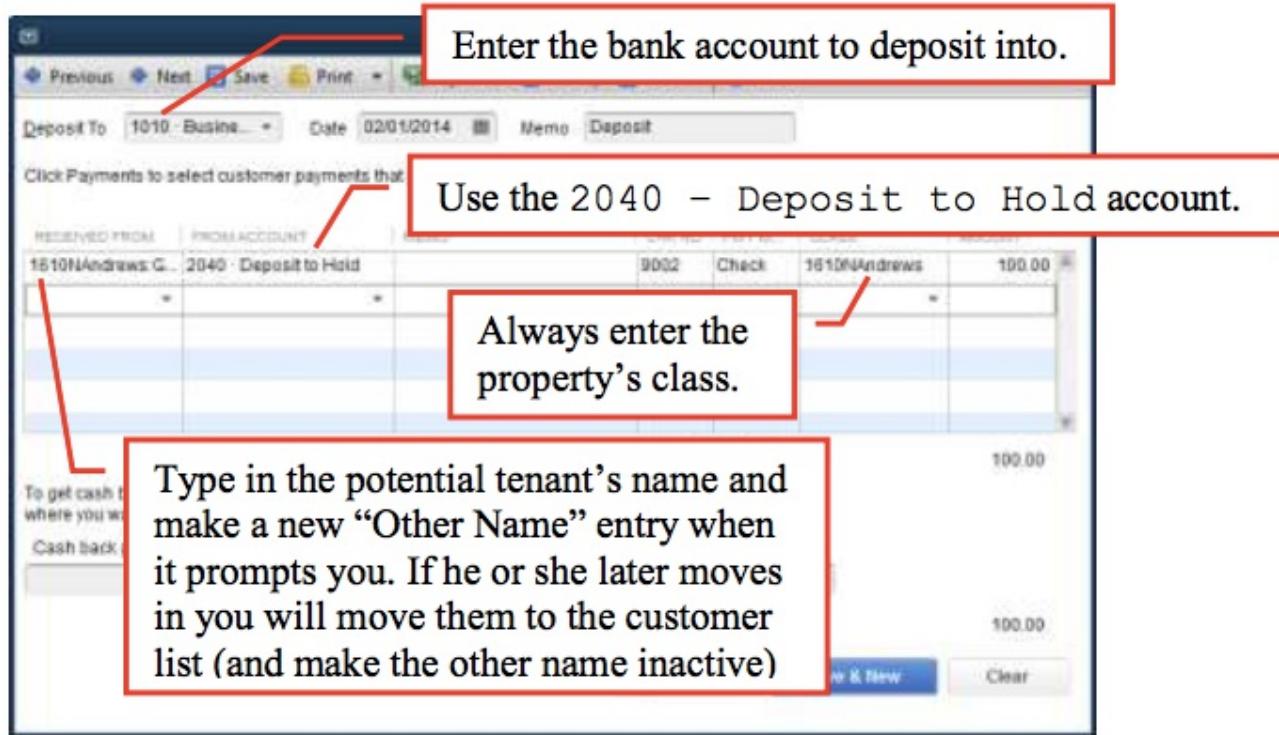
5.11 Enter Deposit to Hold a Unit

Perhaps a potential tenant really likes your unit, however cannot commit to moving in immediately. He or she may be willing to pay you upfront the security deposit amount (or a portion of it) to hold the unit for several days. There are three possible ways to handle the money.

1. As a refundable deposit which is a liability and must be fully repaid to the prospective tenant no matter if they choose to stay or not.
2. As a pro-rated refundable deposit and thus partly income and partly a liability.
3. As a refundable deposit unless the potential tenant chooses to move in. Then it would go towards the security deposit.

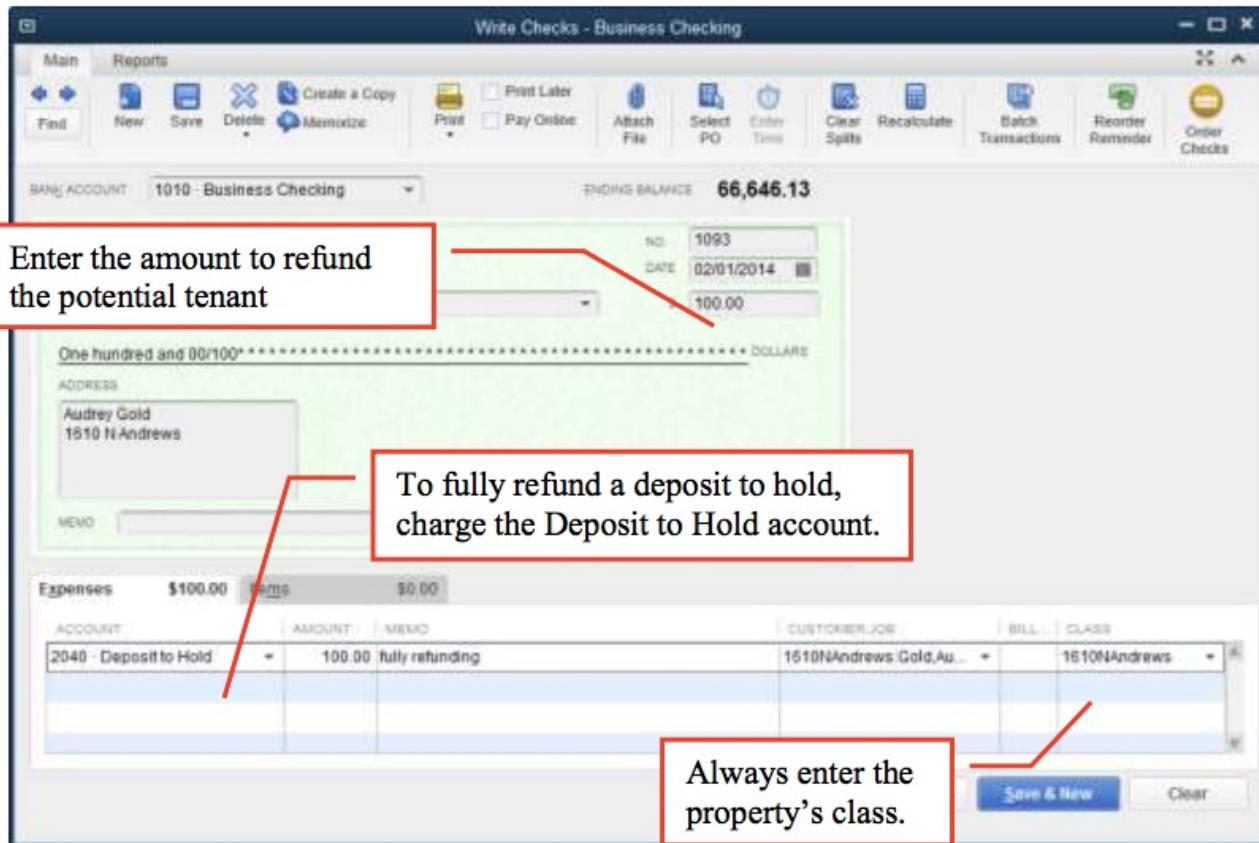
Make sure whichever case you use it is in writing and it follows your state and local laws. In all three cases, the money is initially deposited in the same way.

In the Menu Bar click **Banking > Make Deposits**. Use the Other Current Liability account **2040 – Deposit to Hold**. Below is a screenshot from the sample company file when Audrey Gold deposits \$100 to hold the property.



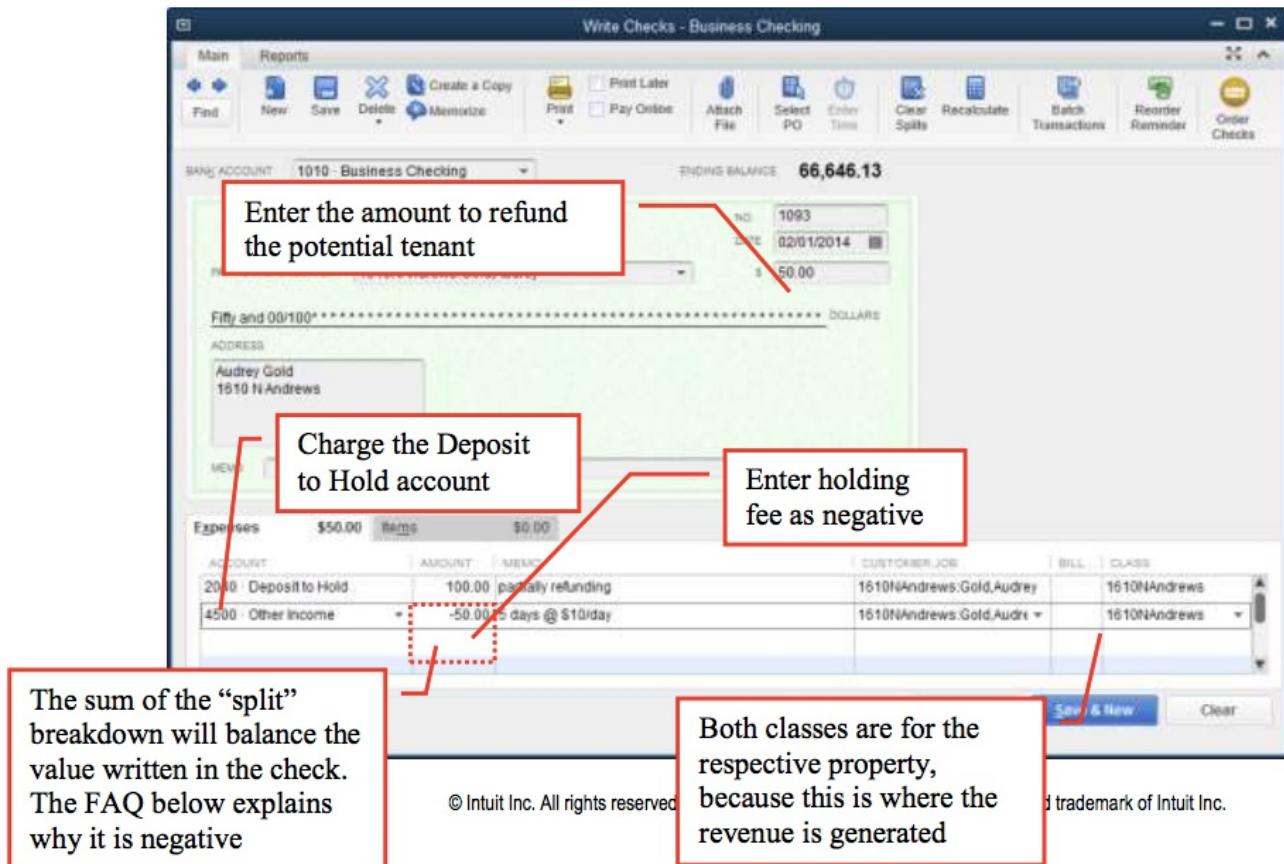
Case 1) Treat a deposit to hold as a refundable liability

If Audrey does not rent the unit, refund her the money by writing a check and selecting the **2040 – Deposit to Hold** account. A screenshot of this transaction follows.



Case 2) Treat a deposit to hold as a pro-rated refundable deposit

If you have in writing that the prospective tenant will be charged so many dollars per day, only a partial refund will occur. Make the deposit the same as before. If the tenant does not rent—some of the deposit will become income, the rest will be refunded as follows.





Q: Why is there a negative amount in 4400 – Other Income “Account” field above?

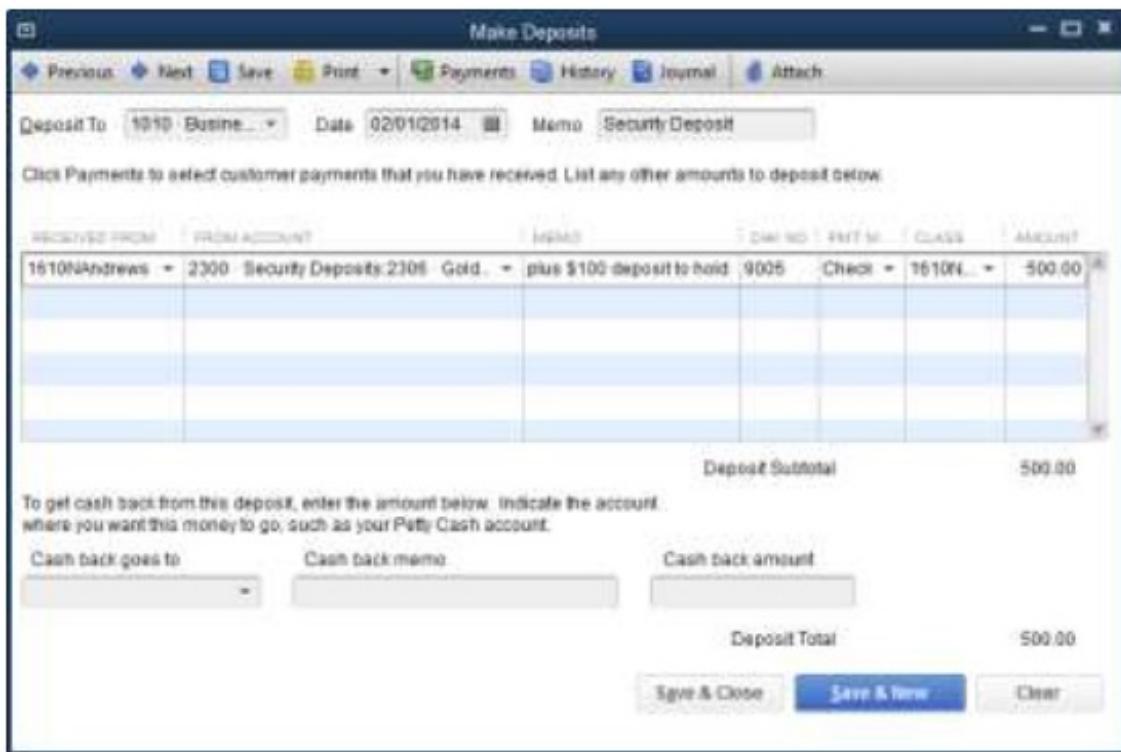
Simple Answer: In the Account listing area in the bottom half of the check, when you add up all the amounts, it must match the amount on the actual check. Also that is an income account in an Expense tab so it is the opposite of the normal entries. (On the check notice how all the accounts for that check are under Expenses).

Detailed Answer: The underlying reason lies in the way debits and credits need to equal each other in any given transaction. The amount written on a check is always a credit to checking (decreasing an asset). The values in the “Amount” fields on the bottom are debits.

Section [2.04 What is The Chart of Accounts?](#) explains an asset decreases with a credit, a liability decreases with a debit and revenue increases with a credit. The checking account is an asset (which decreases by a \$50 credit). The deposit liability account decreases by a \$100 debit. So far we have a \$50 credit and a \$100 debit so the last transaction must be a \$50 credit. But the “Amount” field is in terms of debits, so you can think of a negative debit as a credit. Putting in -50.00 essentially gives the revenue account a \$50 credit as it needs. Hopefully you followed this explanation and think it is very elegant, if not don’t worry just keep this book handy when you need it.

Case 3) If the potential tenant chooses to move in, it goes towards the security deposit.

If the tenant decides to move in; her deposit to hold will become part of her security deposit. First, receive the rest of the security deposit in the usual way (ex. for a \$600 security deposit, where \$100 was initially deposited to hold, receive \$500).



Then make a journal entry decreasing (debit) the deposit to hold account and increasing (credit) her security deposit account.

5.12 Enter Security Deposits

Various states' laws differ in how you must handle security deposits. Make sure you follow the right rules for your locale. The sample file assumes one can commingle security deposit money in the business checking account. Some areas forbid this, and specify it must be in another account. If so, you will need another checking account, but otherwise these instructions will still be applicable.



If your state requires you to setup another bank account to hold security deposits, create that new bank account with your bank of choice. Then add it in QuickBooks by selecting **List > Chart of Accounts**, then click the button **Account > New** and choose the type as “Bank” then call it “Security Deposit Account” and number it as 1110. Ideally, all of your bank accounts support online banking for quick and time saving reconciliation.

Security Deposits are not income, but money you will owe back to the tenants when they move out. This is considered a current liability until you give it back, or issue charges for cleaning or damage (converting it to income).

In double entry accounting at least two accounts are always affected for each transaction. The two accounts involved in making the deposit are the **1010 – Business Checking**, and a Security Deposits sub account we name in the form of **23XX – Last,First**. Depositing the tenant's check increases the checking account and the Security Deposit liability account.

Quick Tip

If you have many tenants, it may be helpful to append [Address] to the security deposit account. For example: **2301 – Lee, Kevin[3304ACovenant]** clarifies the property Kevin is living in, without needing to consult the Customer:Job list. You could also enter the address in the Description field of the account, if you do not want it to be in the account name.

Use a main security deposit account and individual tenant security deposit sub accounts, which show the actual deposits for each tenant. This organization helps for reporting and knowing at a glance individual balances and the total security deposit liability.

Chart of Accounts

NAME	TYPE	BALANCE TOTAL	ATTACH
♦2300 · Security Deposits			
♦2301 · Lee,Kristen&Jake[3304ACove...]	Other	0.00	
♦2302 · Ortiz,Ernesto[320Baker#721]	Other	0.00	
♦2303 · Kesey,Mike[320Baker#721]	Other	0.00	
♦2304 · Flannery,Joe[320Baker#721]	Other Current Liability	0.00	
♦2305 · Robbins,Brad[123Main]	Other	0.00	
♦2306 · Gold,Audrey[1610NAndrews]	Other	0.00	
♦2307 · Keating,Jessica[3304BCoven...]	Other	0.00	
♦2308 · Lee,Jake[3304ACovenant]	Other Current Liability	600.00	
♦2309 · Phillips,Sarah[320Baker#721]	Other Current Liability	300.00	
♦2310 · Stone,Blake[1118Tenth]	Other Current Liability	0.00	

Account **Activities** **Reports** **Attach** **Include inactive**

Each tenant has a security deposit sub-account. If they move out, the balance must be decreased to zero, and then you can make the account inactive.

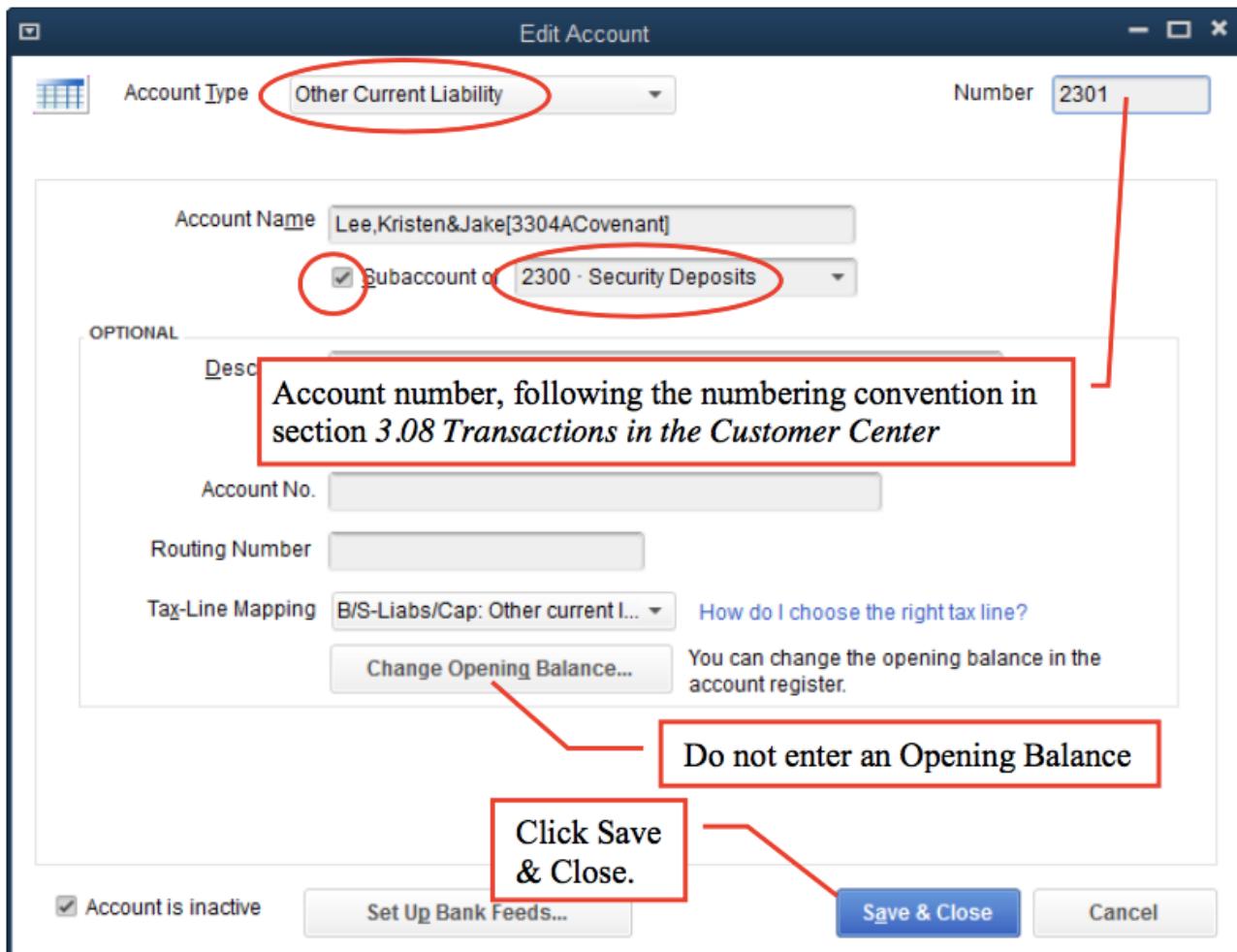
Inactive accounts have an X, and can be included by checking this below.

Quick Tip

As tenants move out, and their security deposit balance becomes zero set their account to inactive. (Ensure the balance first is set to zero by refunding them or charging for fees). In the Menu Bar click **Lists > Chart of Accounts** (or type **Ctrl+A**) and **right click** on the account to turn inactive and select **Make Account Inactive**.

To enter a new tenant's security deposit, first create the new account. Click in the Menu Bar: **Lists >**

Chart of Accounts (or press **Ctrl+A**). Then click the **Account** button and click **New** (or press **Ctrl+N**) and enter the appropriate information as shown below. Do not, however, enter a “beginning balance.” We will take care of that in a second.



The new tenant must exist in the Customer Center as a Job under the corresponding Customer (property) before the deposit can be entered. For instructions on how to add a tenant, refer to the following See Also box.

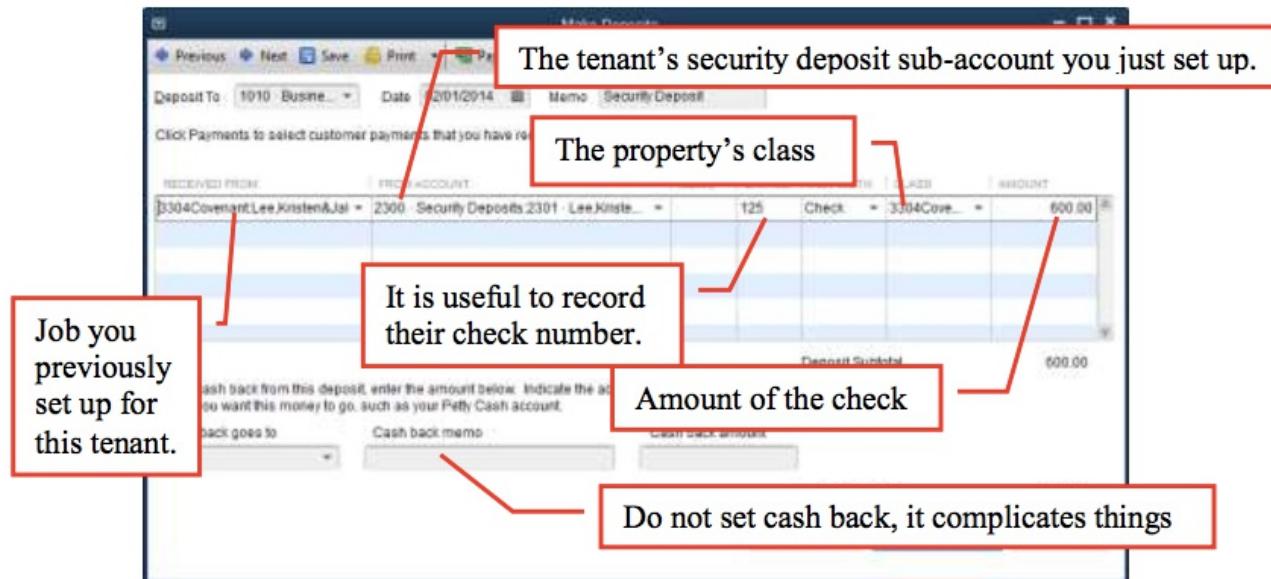


For an explanation of why Tenants are treated as Jobs and Properties are Customers, Every Account is in the “Chart of Accounts” see sections [3.06 Properties are “Customers” in the “Customer Center”](#) and [3.07 Tenants are “Jobs” in the “Customer Center”](#).

For instructions to add a new property (Customer) to the Customer Center see section [3.06 Properties are “Customers” in the “Customer Center”](#).

For instructions to add a new tenant (Job) to a property (Customer) see section [5.01 Add a Tenant to a Property](#).

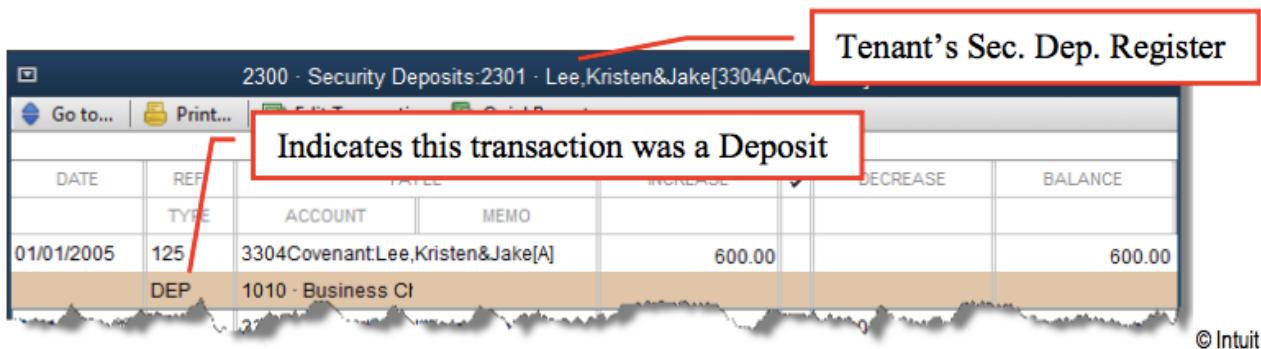
Click in the Menu Bar: Banking > Make Deposits to enter the security deposit into the designated checking account. The following appears:



If you keep security deposits in the business checking account, that goes in the corresponding “Deposit To” field. Enter the date and a memo.

The Check Number field and Payment Method can be helpful if later you need to verify the deposit details. Click **Save & Close** when done.

You can verify the security deposit is in the correct account by opening the Chart of Accounts (**Ctrl + A**) and opening the register of the tenant's security deposit sub account. Listed should be the deposit you just made.



Quick Tip



You need to enter a Customer and Job (the tenant in the name field) while entering a security deposit. Due to the way QuickBooks is set up, it will appear on the “unbilled costs by job” report. This is because you received a deposit (security deposit) from a Customer and Job without billing them. There is no consequence if it is on the report. But some readers will want to know why it is on that report.



Q: Why did we create sub-accounts for each tenant under 2300 – Security Deposits?

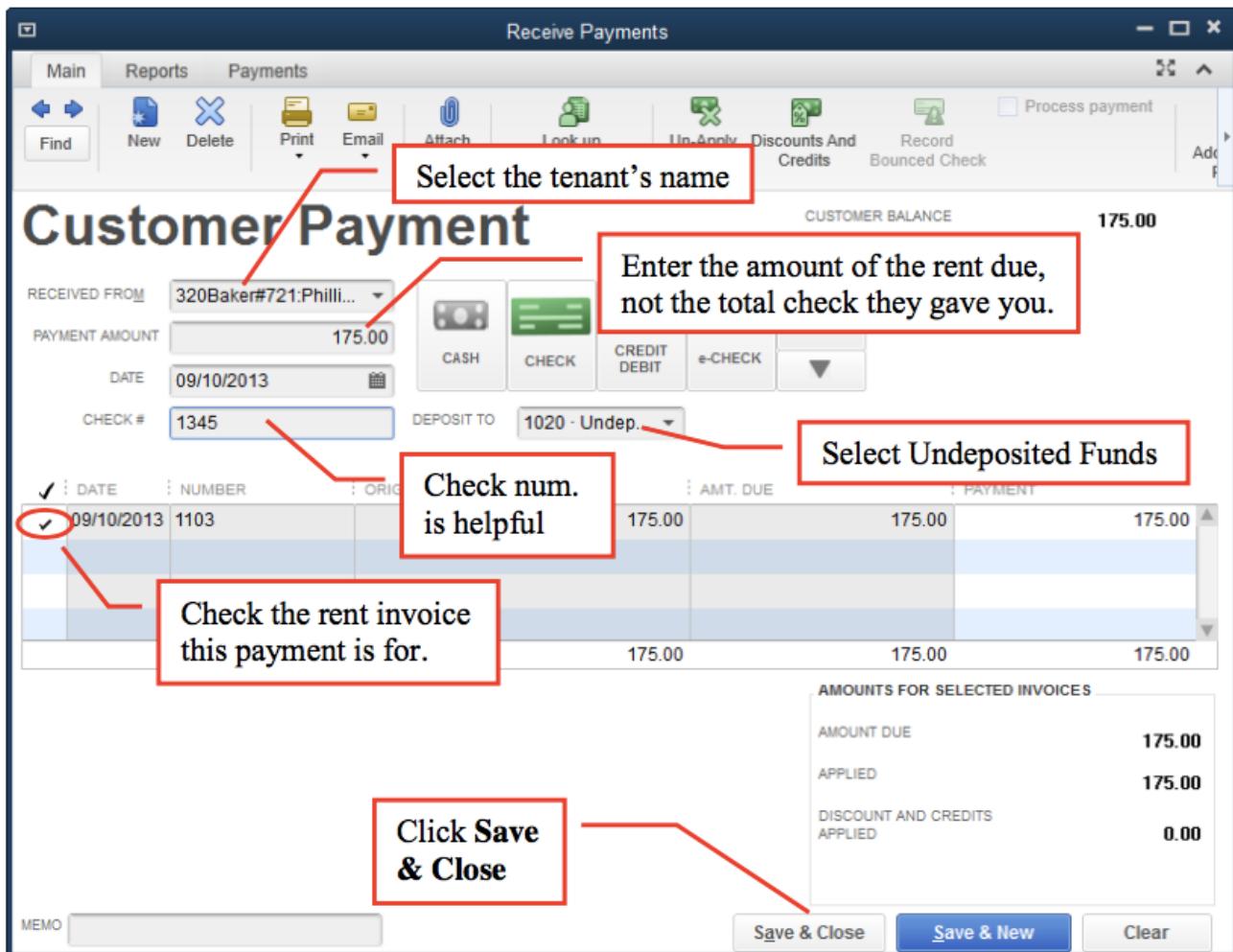
A: This added work increases the ability to instantly track the money owed to each tenant and makes for helpful reporting. When printing your detailed balance sheet report it will list separately who you owe security deposits to. Also a glance at the Chart of Accounts indicates the status of every security deposit.

5.13 Enter Security Deposit and First Month's Rent Together

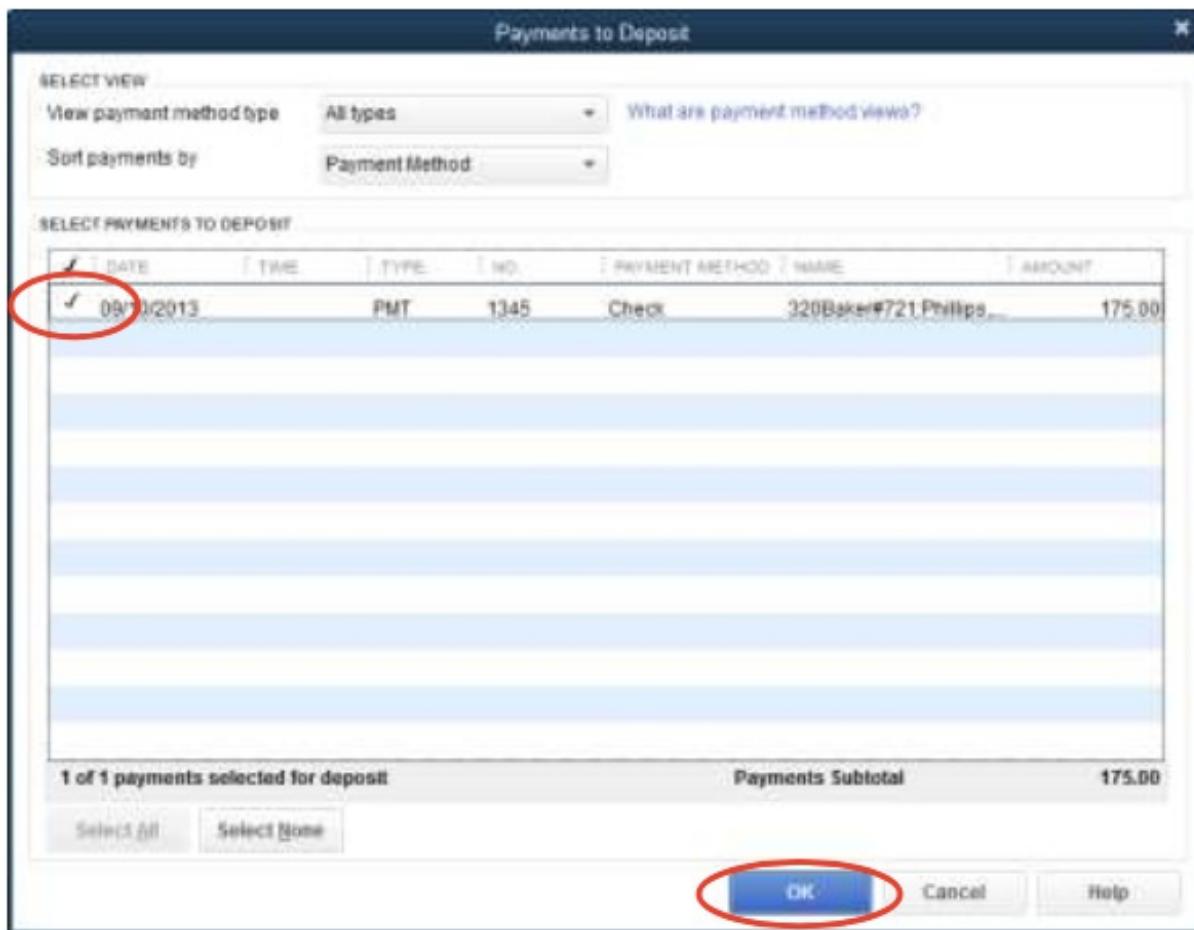
A new tenant may pay their security deposit and first month's rent in one check. If this happens, you will have to specify which part is income and which part is the security deposit. In the sample data file, Sarah of 320 Baker #721 does this when she moves in on Sept. 10.

First, the tenant must be added in the Customer Center as a job under his or her respective Customer (Property). Create an Invoice for the first month's rent.

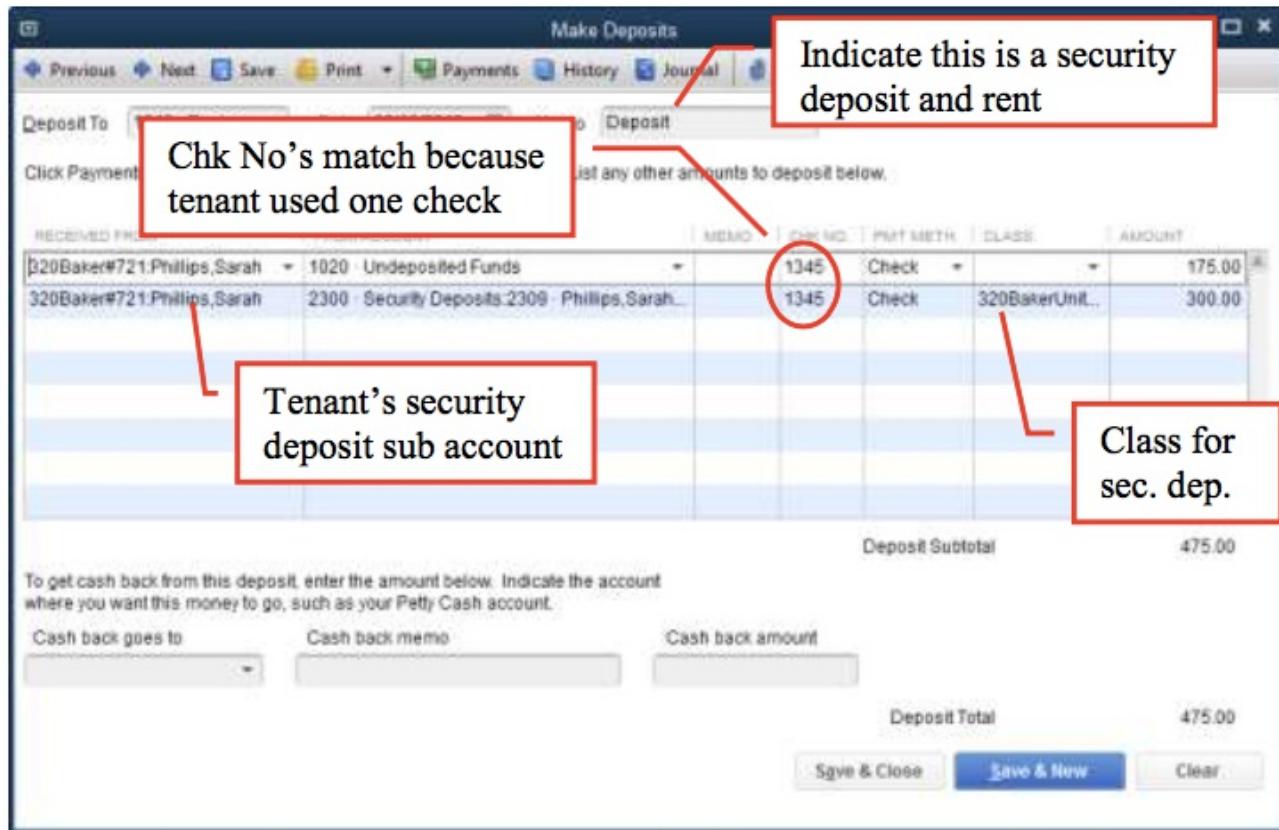
Second, click in the Menu Bar: **Customers > Receive Payments.**



Lastly, click in the Menu Bar: **Banking > Make Deposit**. You will be confronted with a dialog window of all transactions that have been “Grouped with other undeposited funds.” Probably, you only see the above payment. Checkmark that payment and click **OK**.

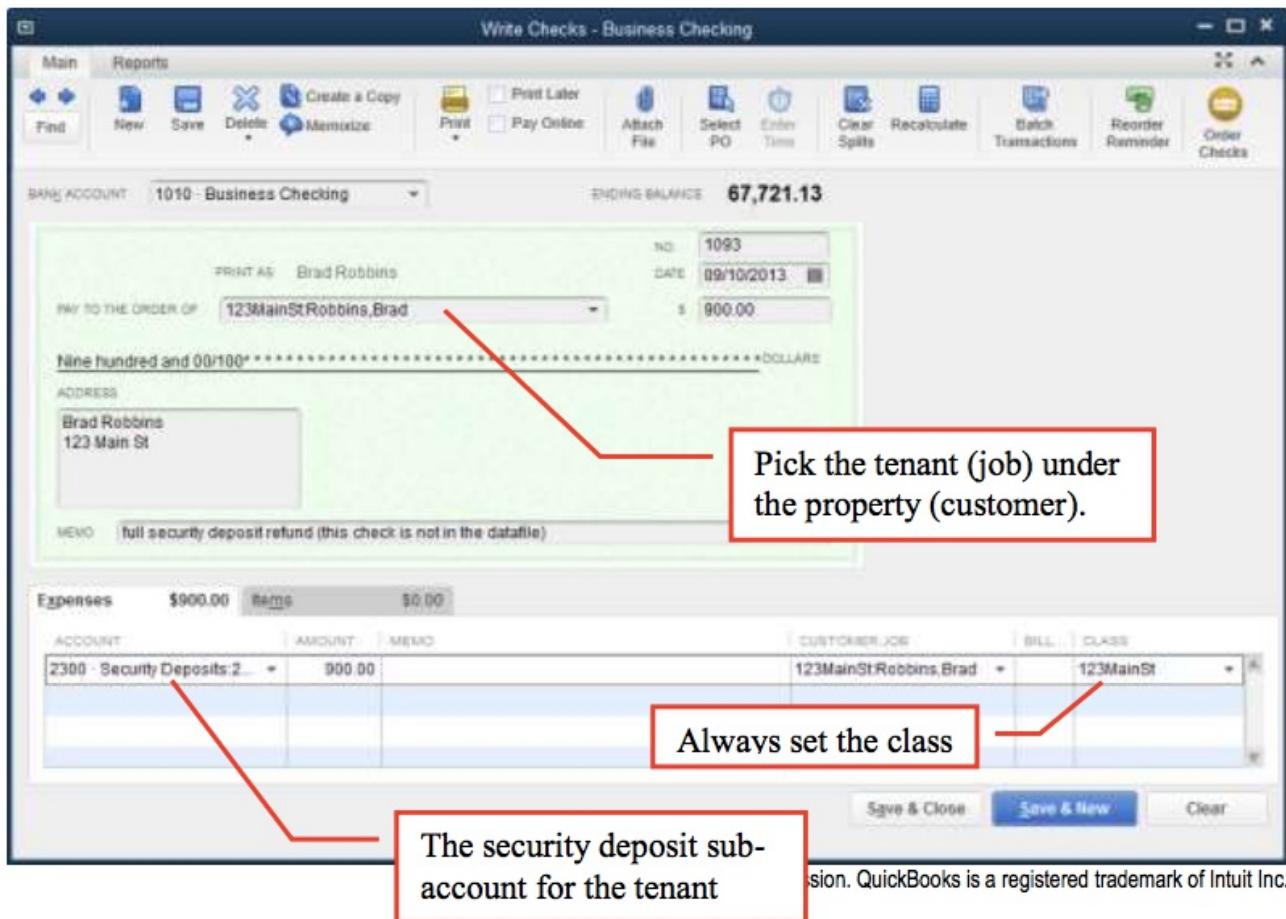


When you make the deposit, it will include the amount of the check that has both the first month's rent and the security deposit.

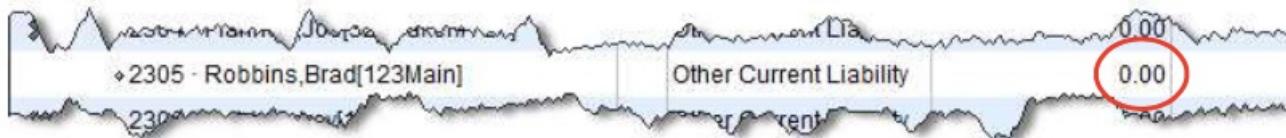


5.14 Fully Refund Security Deposits

For full refunds, write a check (**Banking > Write Checks**) in full to the tenant (listed in the Customer Center as a job). Enter the Account as the individual tenant's security deposit account.



After you refunded the tenant, click **Lists > Chart of Accounts** and scroll down to verify the new balance of the tenant's security deposit sub account is zero.

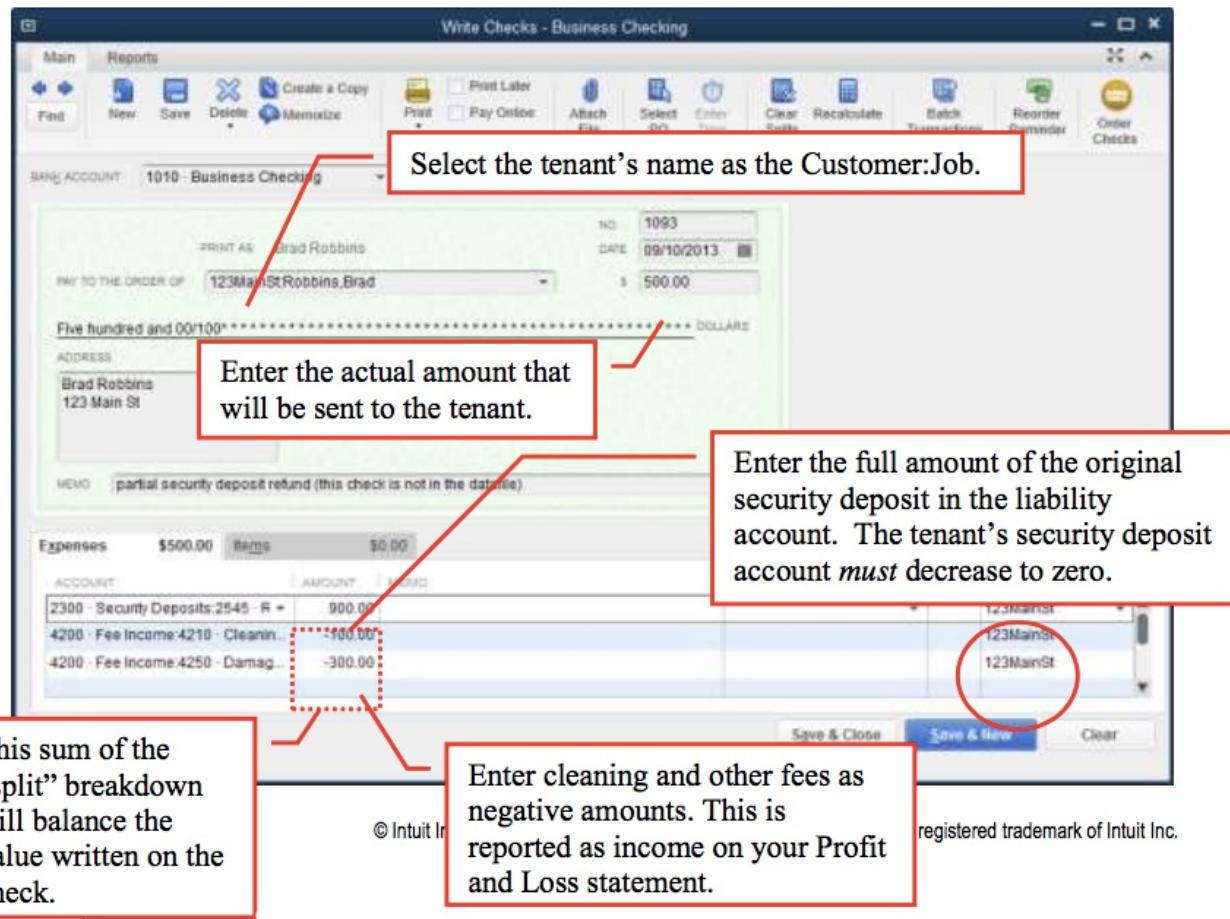


Then make that security deposit account inactive by **right clicking** on it and selecting **Make inactive**. It will disappear, or if you have the "Include inactive" checkbox at the bottom of the Chart of Accounts window, it will have a big X to the left of the account number.

5.15 Partially Refund Security Deposits

By charging a tenant for damages he or she will not get all of their deposit back. Below is a partial refund example.

You must decrease the security account liability by the complete value of the deposit. If not, your balance statement will show you still owe a liability to a tenant who moved out.

**See Also**

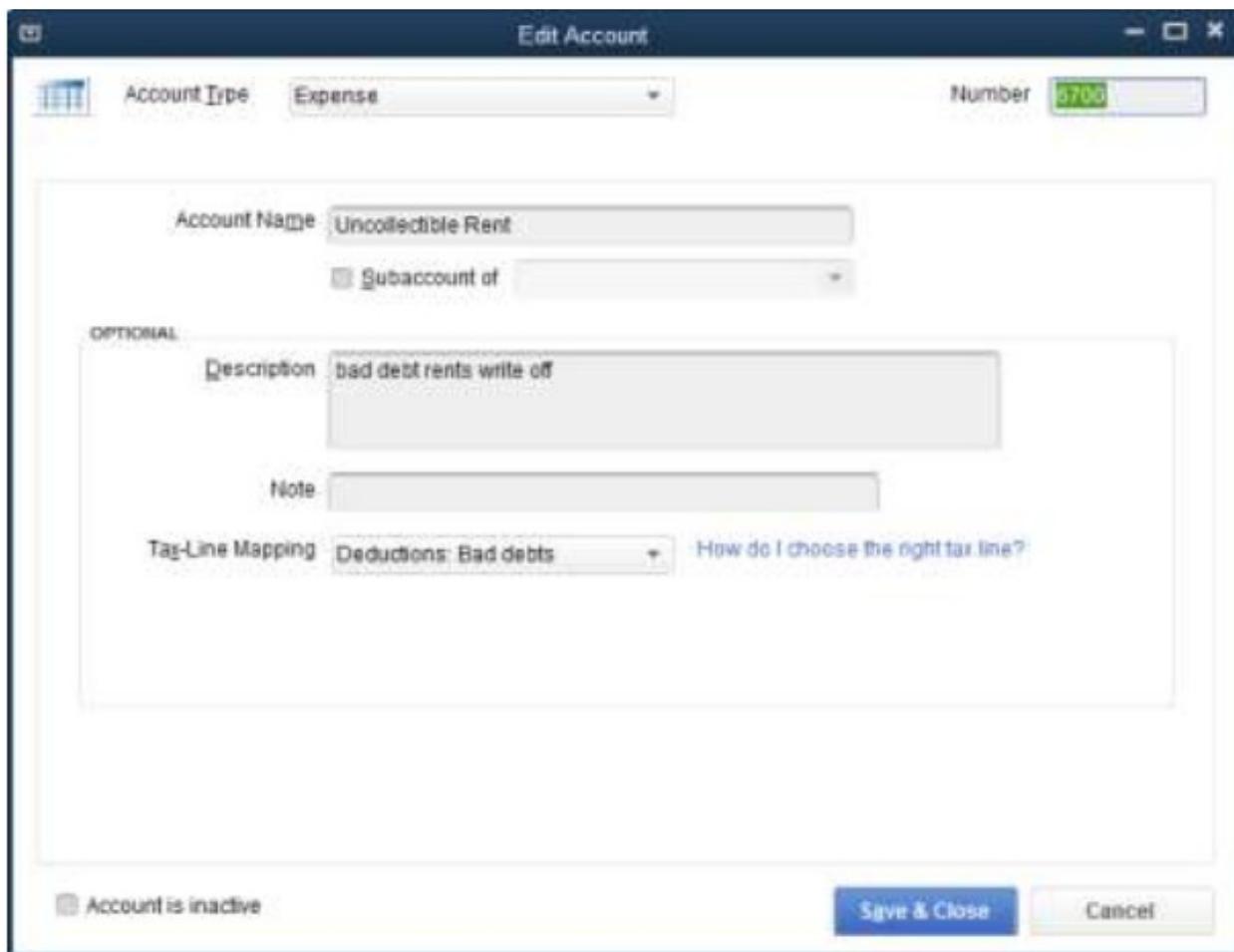
For an explanation of why there is a negative number in the Amounts field on the bottom of the check, refer to the FAQ box in section [5.10 Charge for Damages while Rented](#).

registered trademark of Intuit Inc.

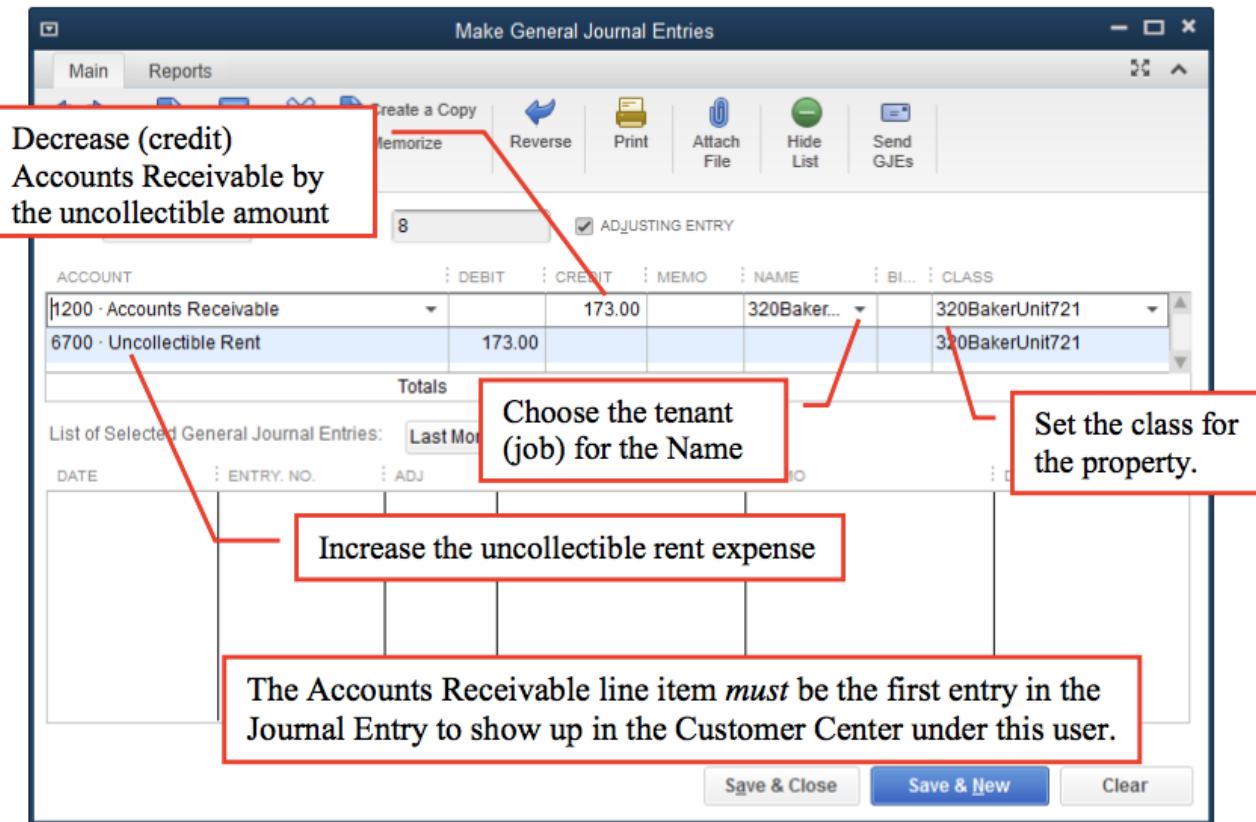
5.16 Write Off Rent as Uncollectible

When it is reasonable to believe rent will never be collected from former tenants, and you choose not to submit it to a collection agency, you must write it off. Then you will make the tenant inactive. Do not make a tenant inactive with an outstanding balance.

You can clear the tenant's account receivable by creating a Journal Entry decreasing the tenant's ledger (A/R balance) to zero, and increasing an expense of **6700 – Uncollectible Rent**. Create the account if it does not exist.



Enter a new journal entry by clicking in the Menu Bar **Company > Make General Journal Entries....**. This will be used to zero out their A/R balance. You can find out their current balance by opening the Customer Center, and looking at the Balance Total column next to their name (the job).



Caution

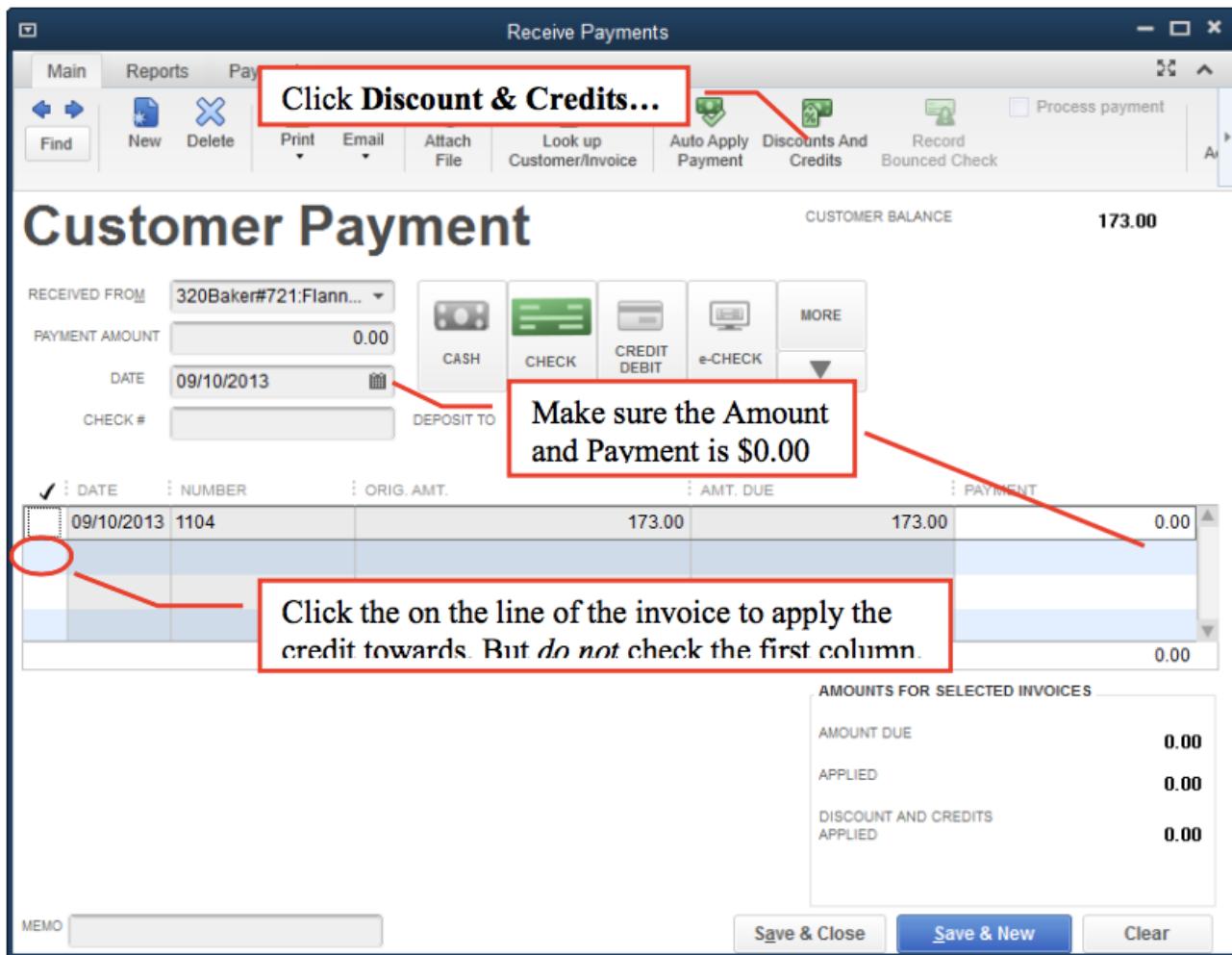
In journal entries for tenants (where they are chosen as the Customer:Job of a transaction), you must have their name on the first line item.

The Customer and Vendor Centers filter for the first line (known as the source) of a journal entry. If the Accounts Payable or Accounts Receivable account is not on the first line of the journal entry and the first line of the journal entry does not contain the name of the customer or vendor, the journal entry will not show up in the Customer or Vendor Center.

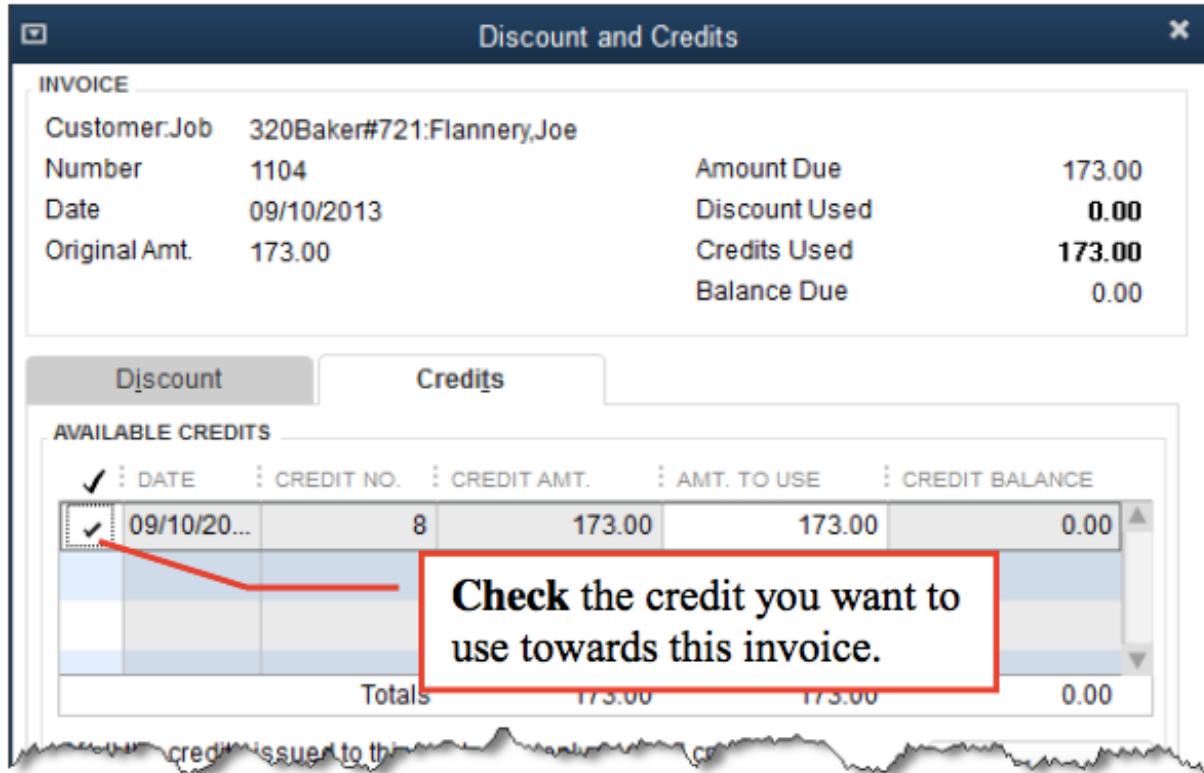
TYPE	NUM	DATE	ACCOUNT	AMOUNT
Invoice	1044	07/01/2005	1200 - Accounts Receivable	265.00
Payment		07/01/2005	1010 - Business Checking	265.00
Invoice	1053	08/01/2005	1200 - Accounts Receivable	265.00
Payment		08/01/2005	1010 - Business Checking	265.00
Invoice	1063	09/01/2005	1200 - Accounts Receivable	265.00
Invoice	1068	09/07/2005	1200 - Accounts Receivable	603.00
Invoice	FC 3	09/05/2005	1200 - Accounts Receivable	25.00
General Journal	10	09/07/2005	1200 - Accounts Receivable	-300.00

To fix a transaction that does not show up in the Customer Center, find the journal entry and edit the A/R or A/P line item with the customer or vendor name to the first line of the journal entry.

Lastly, because you have just written off this rent as uncollectible, you also must mark the invoice as “Paid.” It is no longer outstanding—you will not collect from it. Receive Payments for that specific tenant by clicking in the Menu Bar: **Customers > Receive Payments**. Choose the tenant but do not type in an amount. Instead click on the line of the invoice or bill you want to apply a credit to. Then click the **Set Credits** button.



Then you must check the credit you want to use towards this bill or invoice. The credit was applied through the previous Journal Entry (no credit memo need be issued).

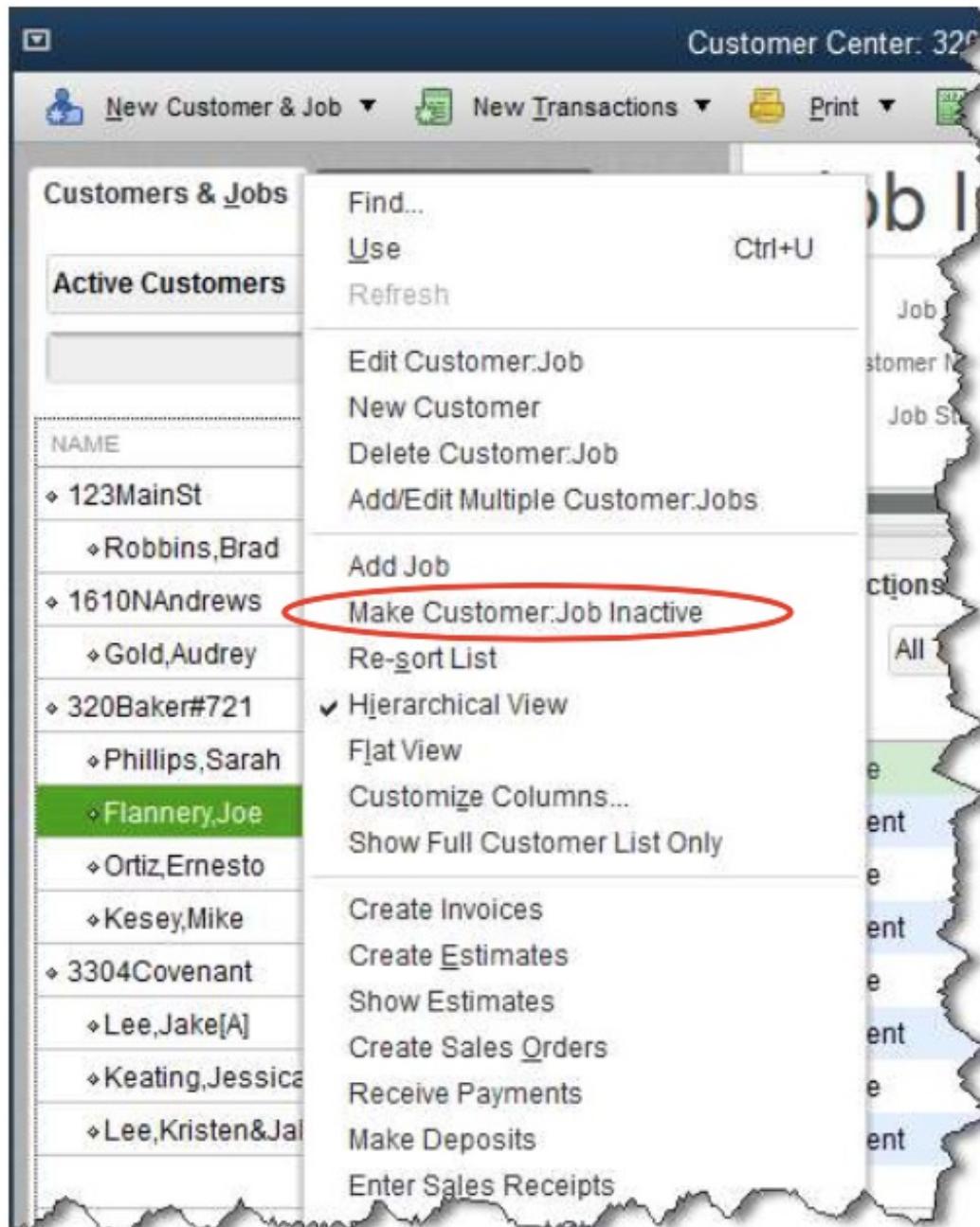


Click **Done** to close the Discount and Credits window. The Receive Payments window will now have a new column, “Credits,” that shows the credit applied to the amount due.

	DATE	NUMBER	ORIG. AMT.	AMT. DUE	CREDITS	PAYMENT
	09/10/2013	1104		173.00	173.00	173.00
Totals			173.00	173.00	173.00	0.00

AMOUNTS FOR SELECTED INVOICES

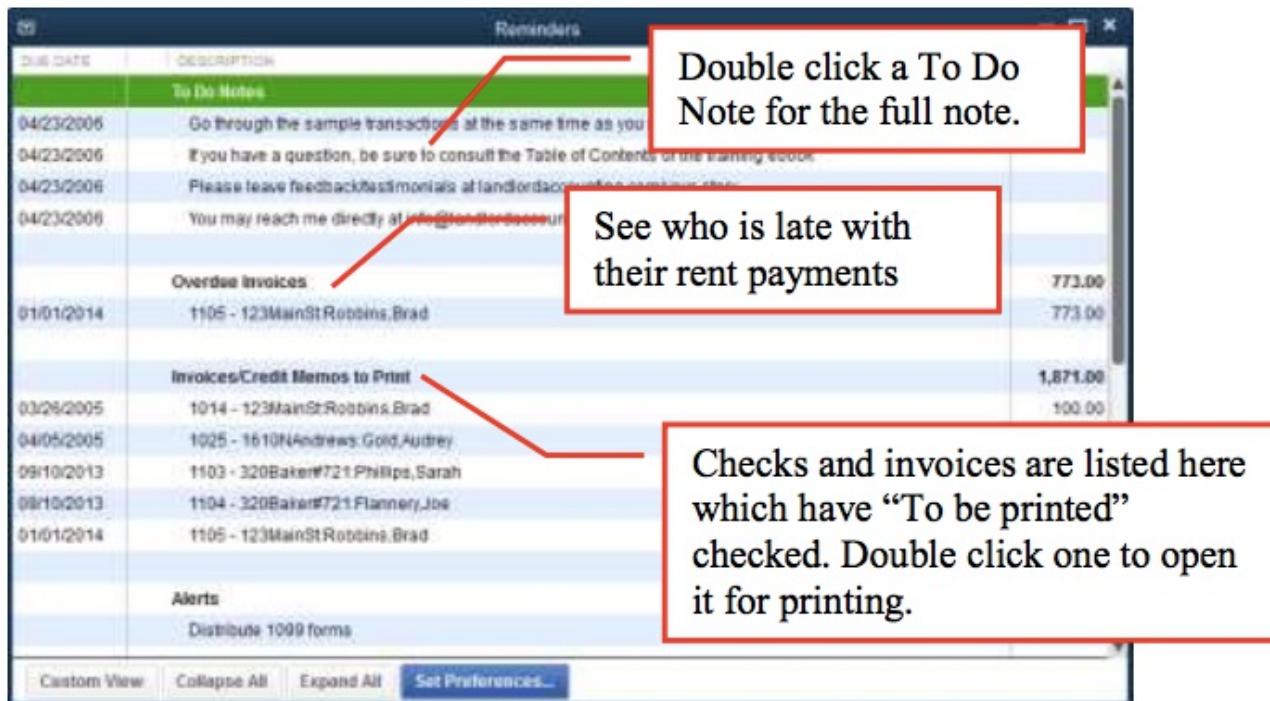
Lastly, verify the former tenant’s balance is zero in the Customer Center. Then make him or her inactive. Right click on the job (tenant) and select **Make Customer:Job Inactive**.



Chapter 6: Advanced QuickBooks Usage and Tips

6.01 “Reminders,” “To Do” Lists, and the “Calendar”

There is a reminder window that can pop up every time you start QuickBooks. In it, you can include items from a To Do List. If you do not see it, click in the Menu Bar **Company > Reminders**.

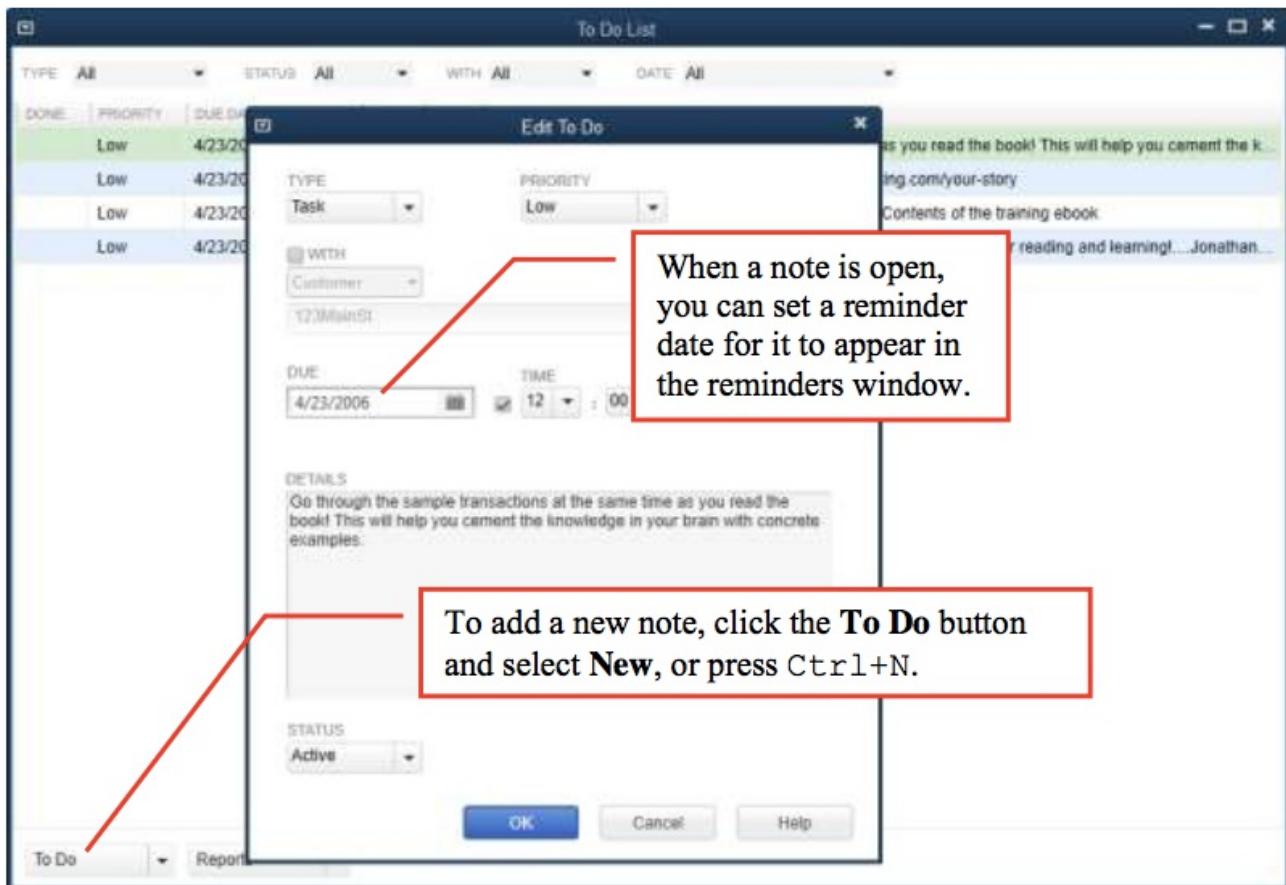


Quick Tip

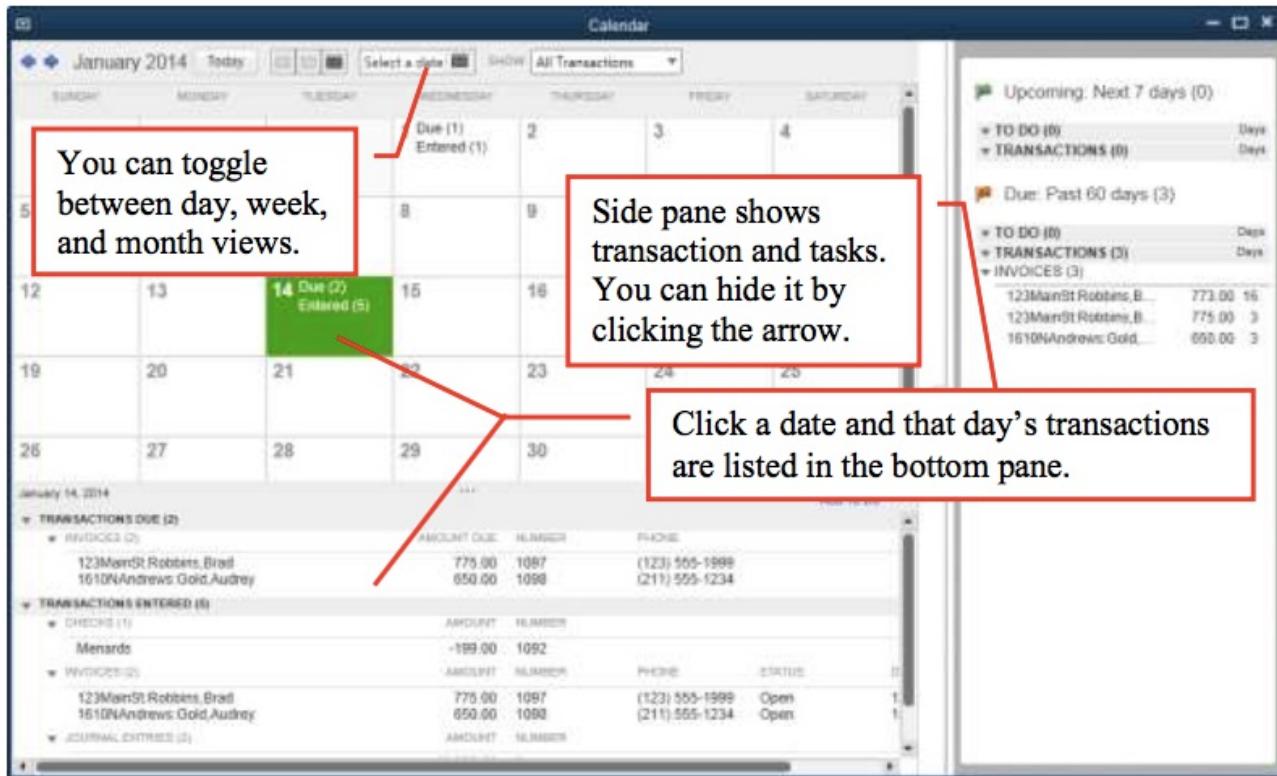


To enable or disable showing the Reminders or To Do List every time you startup QuickBooks, go to **Edit > Preferences** and look at the Reminders section on the left. Change the setting in the **My Preferences** tab.

To add items to the To Do List, first open it through the Menu Bar: **Company > To Do List**. You can link them to customers, vendors, and leads.



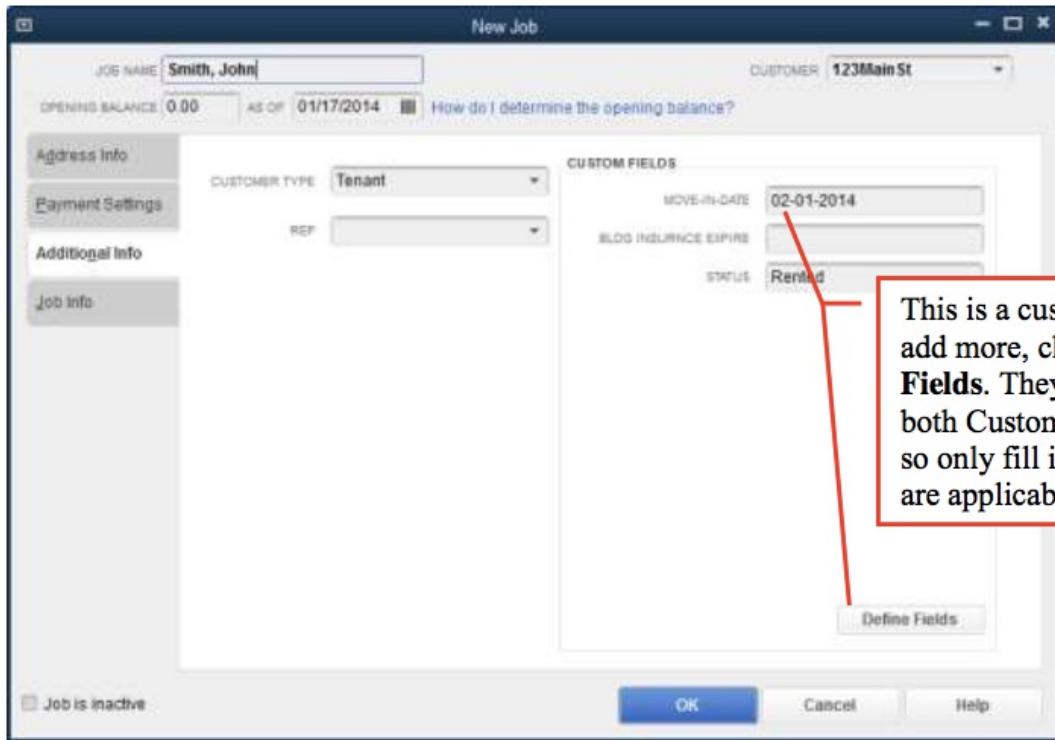
Open the Calendar view by clicking **Company > Calendar**. It shows you upcoming transactions and to do items, as well as itemized historical transactions.



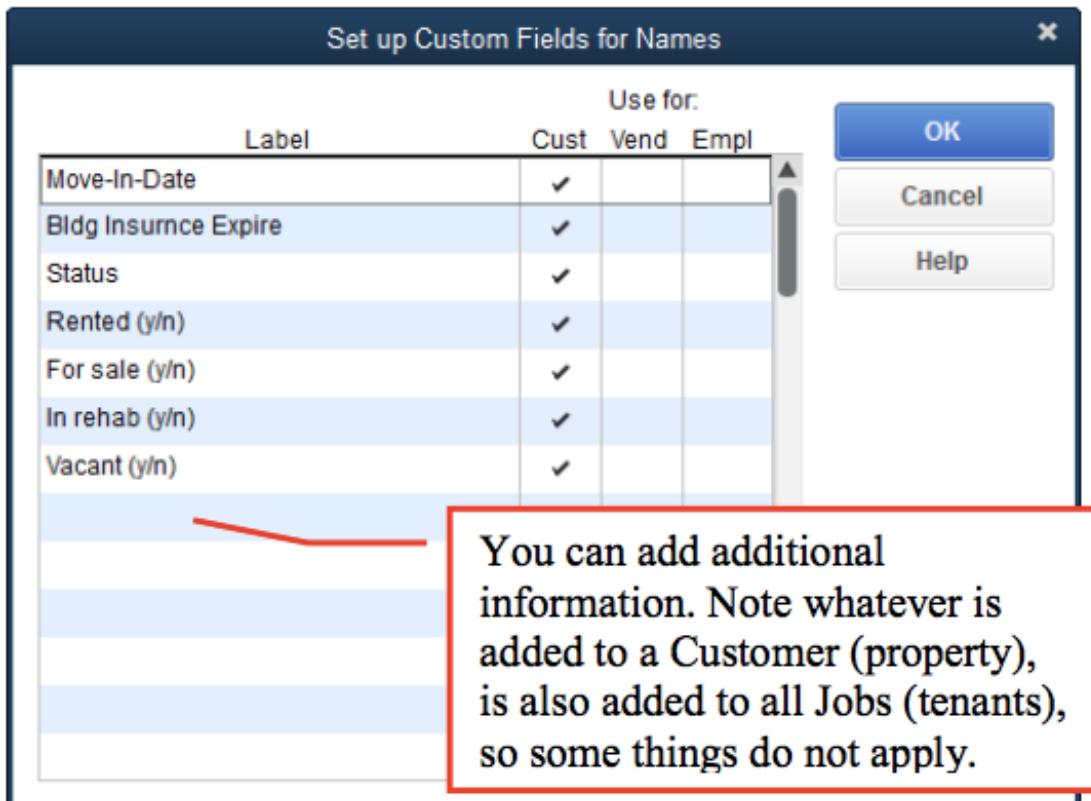
6.02 Define Fields for Customers and Jobs

You can define additional fields for Customers as well as Jobs. This allows tracking of custom information within QuickBooks. Without these you could not create reports for the Move-In-Date for each tenant (Job), building insurance expiration dates for properties (Customers), or tenant lease or birthday reminders.

Open the Customer Center and edit either a Customer or Job by right clicking on it and Choose **Edit Customer** or **Edit Job**. On the **Additional Info** tab, click **Define Fields**.



Whatever custom fields you define for a Customer (property) is also added to Jobs (tenants). QuickBooks works that way. This could be confusing at first glance. (One may ask, "Why should I enter Bldg Insurance Expire for a tenant?") Leave blank the fields that do not apply. Later you can run a report on all tenants, and it will list their Move-In-Dates or other fields you define.

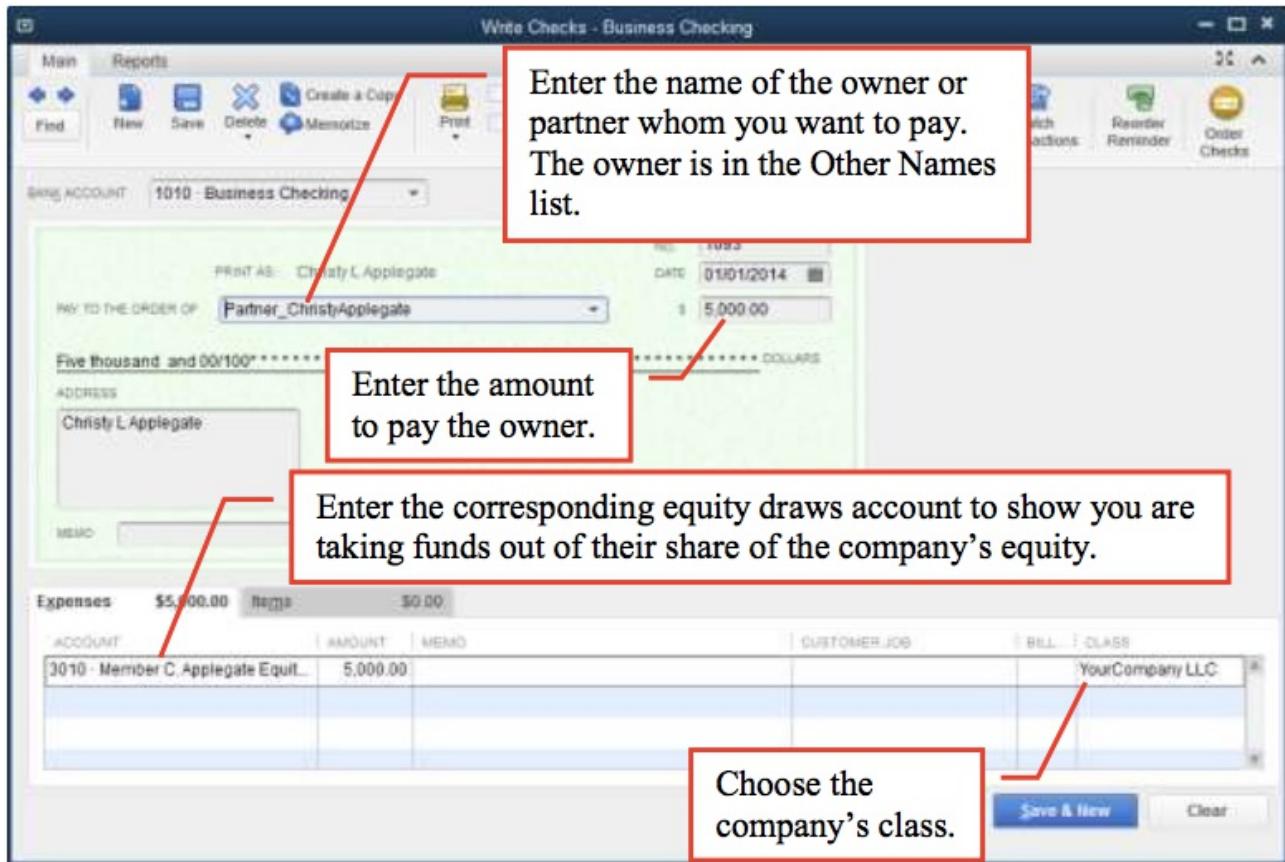
**See Also**

For information about running custom reports for Defined Fields, refer to sections [7.16 Building Insurance Expiration and Status Report](#) and section [7.17 Tenant Move-In-Date and Contact Information Report](#). Hopefully you can see the flexibility you have to track various types of property and tenant attributes in Customers and Jobs. You do not need to use all of these tricks, but as your company grows, it will probably be useful to use more and more of them.

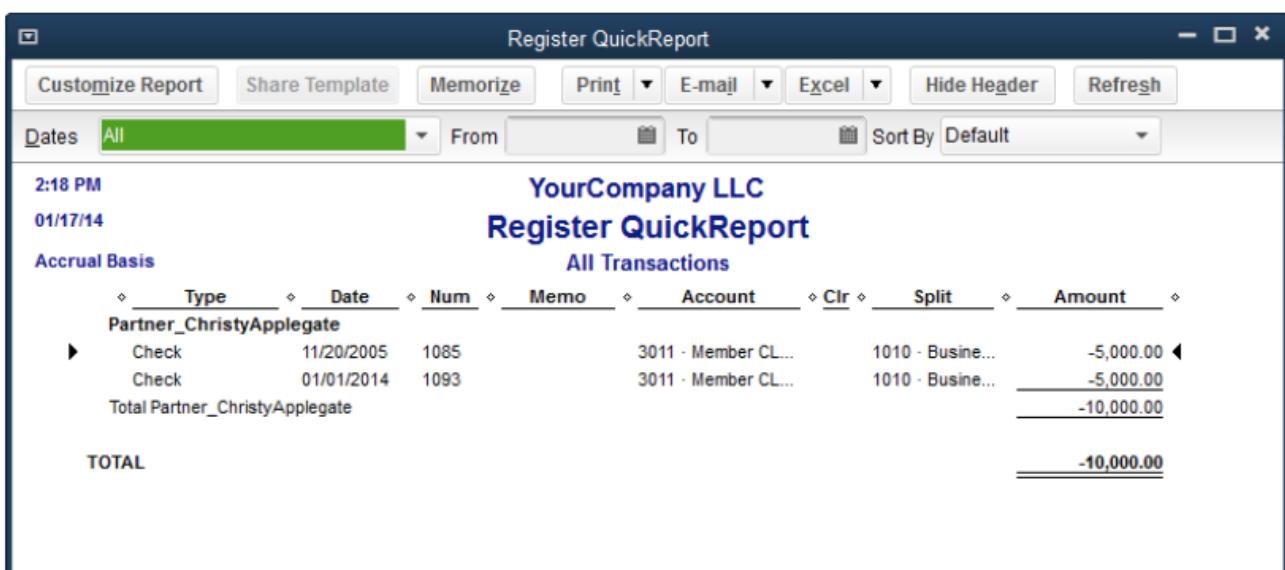
6.03 Paying an Owner who is not on Payroll

If you own a company but are not on the employee payroll, you still need to get paid. The sample file's company does not have any employees but is operating as a two member LLC taxed as a partnership. One way to pay an owner is to take draws from the owner's equity account.

From the Menu Bar, click **Banking > Write Checks**.



To view all draws of an owner, open his or her equity draws account register from the chart of accounts. Click in the Menu Bar: **Lists > Chart of Accounts**. View the register of **3011 – Member CLA Draws** by highlighting that account, then clicking the **Activities** button and **Use Register** (or highlight it and press **Ctrl+R**). Make a QuickReport by highlighting the account and pressing **Ctrl+Q**.



See Also

You can also reimburse someone for a purchase made on behalf of the company, whether or not they are an employee. See [6.04 Reimburse someone's purchase for the company](#).

6.04 Reimburse someone's purchase for the company

When an individual purchases things or spends money for the company with personal funds (including their credit card), the company needs to make a reimbursement. The person's cash outflow also needs to be recorded as the appropriate business transaction.

You will use a Journal Entry. In the Menu Bar, click **Company > Make General Journal Entry....**. Separate properties should be on separate Journal Entries. This helps for going back and finding past journal entries, as well as preventing accidental errors.

Choose the account that the cost falls under and Debit it for the amount the individual spent. Choose the corresponding Vendor in the Name field and property in the Class field. Credit the liability account **30XX – Due to ABC** the total amount.

Choose the Name(s) of who is owed, typically on the Other Name List

Use the class for the company for the Credit entry which increases the amount due to some individual

Choose the applicable property's class. Use one property per Journal Entry.

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	BILLABLE?	CLASS
1300 · Real Estate Assets:1303 - 3304 Covenant	15,000.00					3304Covenant
2010 · Due to Partner C. Applegate		5,050.00		Partner_Chris...		YourCompany LLC
2011 · Due to Partner W. Applegate		9,950.00		Partner_Wes		YourCompany LLC
Totals 15,000.00		15,000.00				

List of Selected General Journal Entries: Last Month

DATE	ENTRY. NO.	ADJ	ACCOU	DEBIT/CREDIT(+/-)

© Intuit Inc.

Quick Tip

When generating Journal Entries to reimburse someone it may help to follow “one person, one property”

- Only enter one person who is owed per journal entry
- Only have one property on the journal entry
- If a purchase is made for multiple properties, separate it while at the store over multiple receipts.
- If you cannot follow these rules, explain the special case in the Memo field, or better, create copies of receipts and enter them as separate journal entries.

Doing this will prevent errors. If two properties or persons are ever listed on the same entry, it is a red flag that one is likely a mistake.

It is not necessary once you become an advanced user, but it helps keep things organized while getting started.

Quick Tip

It's a good idea to link the receipts to the Journal Entry. You can use the “Attach File” button on the Journal Entry window to scan and import the receipt and directly associate it with the journal entry. Or, take a photo of the receipt with your phone, skip the scanning, and just import it.

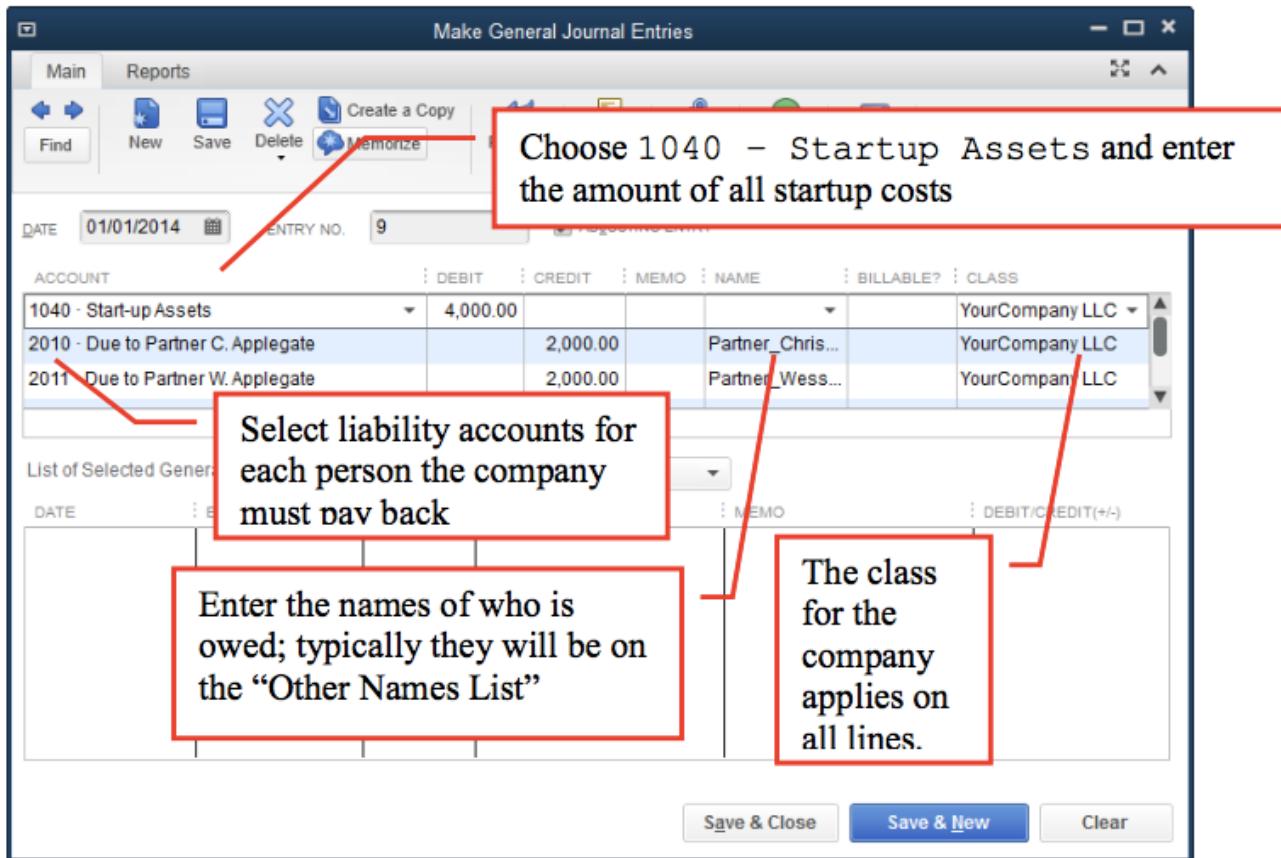
If you keep paper records, you can staple the receipt(s) you are reimbursing to a printout of the report. File these in a folder of Journal Entries if your accountant or the IRS ever needs them. If multiple properties were on one receipt and each property has a separate journal entry, create photocopies and store each in their respective property folder.

6.05 Tracking Company Startup Costs

Before a company can exist, someone must pay for the incorporation fees with the state, get some office supplies, and possibly hire an attorney and accountant. Most likely the owners will pay these fees and be reimbursed by the company after its formation.

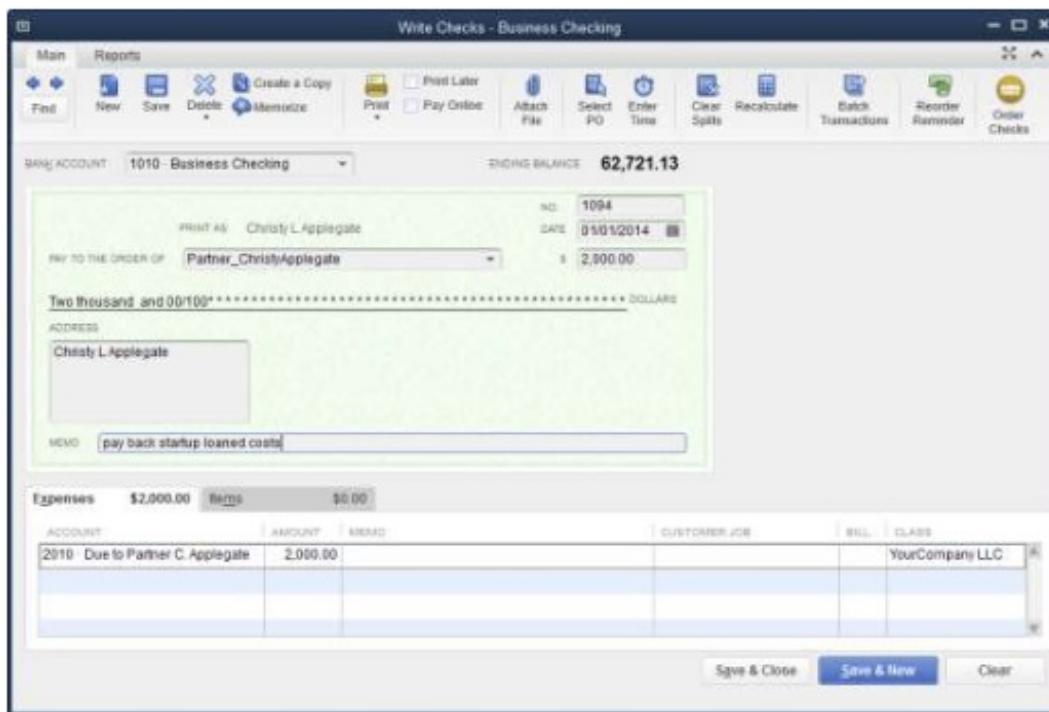
To track these costs, create a current liability account for the company, **Due to (Partner) ABC**, where ABC is the person's initials. Use the asset account **1040 – Startup Assets**. Make a journal entry to increasing the liability (credit) and increasing the asset (debit) by the amount of the startup costs.

If the partners share the startup costs, as in the following example, enter each partner's contribution in the amount contributed and due to each.



The reason for an asset account for startup costs is because at the time of this writing the IRS depreciated startup costs. They are not an expense. Learn and follow the current regulations from your accountant.

When it is time to reimburse the person, write a check for the amount to zero out the liability account.



6.06 Common Area Maintenance (CAM)

As owner or manager of a multiunit rental, you need to know how much common area maintenance is costing your company. Run a report on the actual CAM costs and then you can charge tenants their prorated share of CAM.

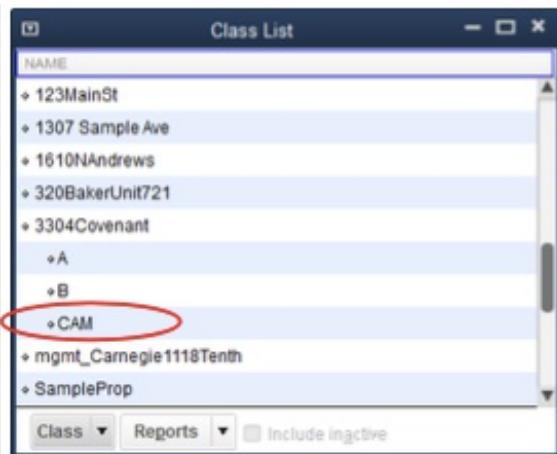
3304 Covenant is a property in the sample file with a CAM sub-class. Run a report, setting each column as a class and read the amount of the CAM and divide it among all units and bill tenants accordingly.

To bill the tenants create a new CAM Fee Item (under **Lists > Item List**) and a Service Invoice (under **Customers > Create Invoices**). Print and mail the new invoice to the tenants. Be aware that if you enabled Auto Finance Charges in the **Edit > Preferences** menu, tenants will be automatically charged if not paid by the due date plus the grace period.

If you have a fixed CAM fee, you can monitor the actual CAM costs in the report against the CAM revenue. Every time you make a common expenditure, be sure to use the CAM subclass for that property.

Classes and Sub-Classes

Calculating CAM hinges on accurately entering expenses for multiunit apartments. Create a regular class for the multiunit (the super-class), one sub-class for CAM and other sub-classes for each individual unit. If an expense is directly traced to a unit, enter that unit's sub-class. If it is for a roof or another common area element, enter the CAM sub-class.

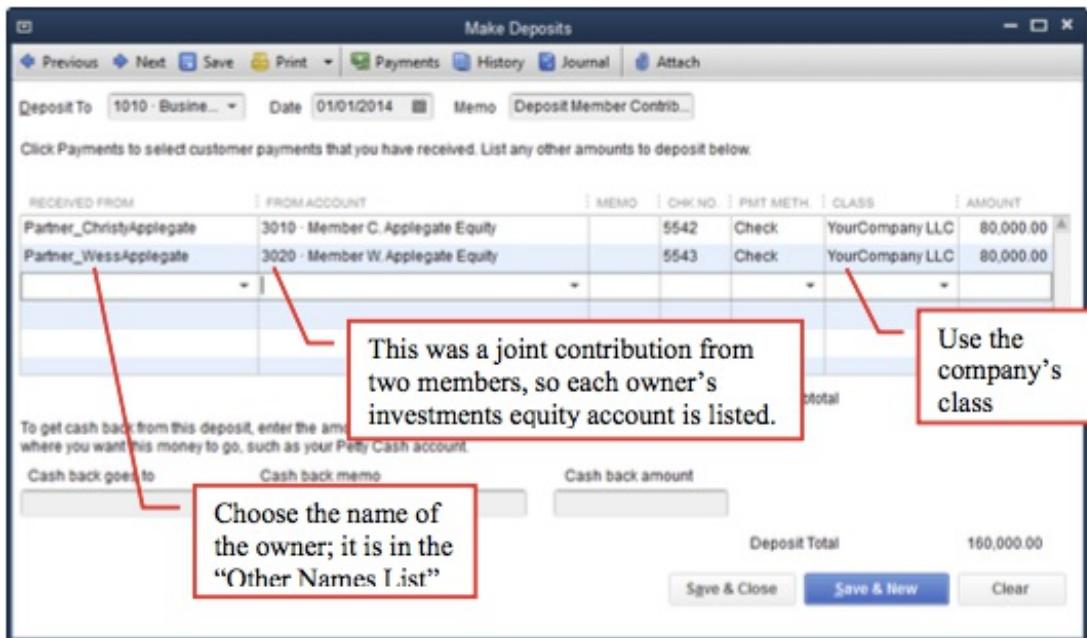


It is better to enter CAM expenses into its own sub-class as opposed to using the above super-class because using sub-classes only.

6.07 Contributing Cash into Your Company

In some legal structures, an owner may contribute his or her own money into the company. This becomes contributed capital, and in the sample file is a part of that member's equity account. The contribution is made with a deposit into the checking account, selecting the member's equity contribution account in the Account field.

The sample data file is an LLC and makes the following deposit for a member contribution.



6.08 End of Year

Work closely with your accountant and follow the “Year-End Guide” in the QuickBooks Help. In the Menu Bar, click **Help > Year-End Guide**.



For instructions in creating an Accountant’s Review Copy of your company file, see section [6.10 Using an Accountant’s Review Copy File](#).

Quick Tip



Some users will choose to track depreciation on property and enter it at the end of the year. If you are tracking depreciation in your books, (we recommend that), your accountant will tell you how much your property depreciated for tax purposes. He or she may also enter the transactions for you.

It is also likely that your accountant will make several adjusting end of year transactions (perhaps you misclassified a repair by capitalizing it, etc.) Ask many questions why these transactions were made to learn more about accounting and prevent errors in the future.

If you track depreciation in your QuickBooks file, follow the following steps. Make sure you have the real estate accounts and one accumulated depreciation account. You also need a depreciation expense account.

A journal entry will be made with depreciation entries like the following, including all properties:

Transaction	Class	Debit	Credit	Notes
(1) 6100 Depreciation Expense	Class for Company	\$ XXX		The total depreciation amount
(1) 1390 Accumulated Depreciation	Class for first property		\$ XXX	Depreciation for first property
.
.
.
(1) 1390 Accumulated Depreciation	Class for last property		\$ XXX	Depreciation for last property

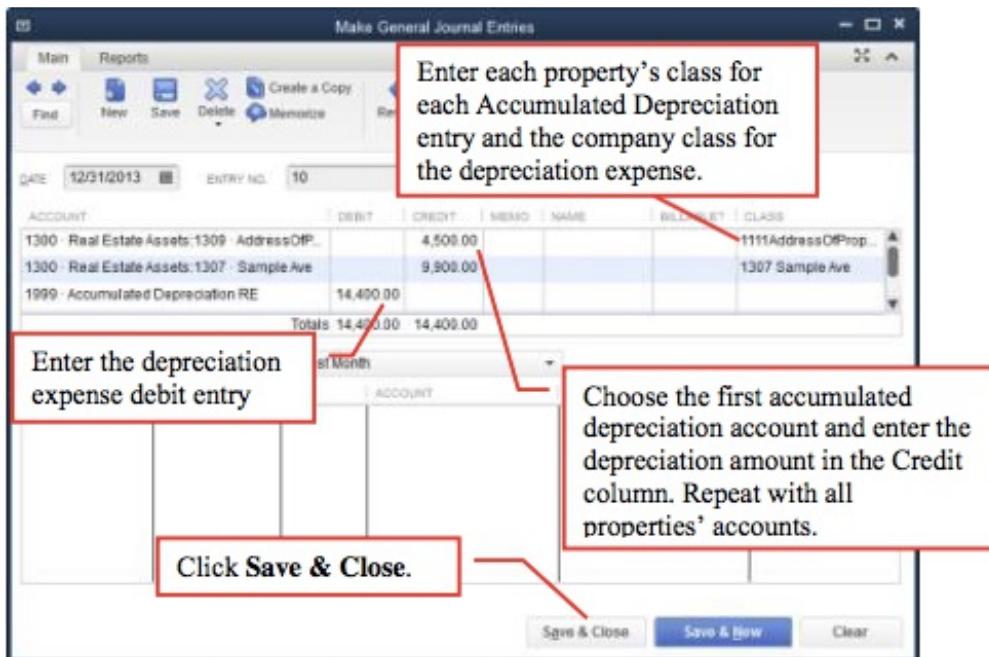
Caution

If you sent an Accountant's Review Copy of your file to your accountant, it is likely that he or she will enter these depreciation expense transactions and you only need to merge in the accountant's changes.

Quick Tip

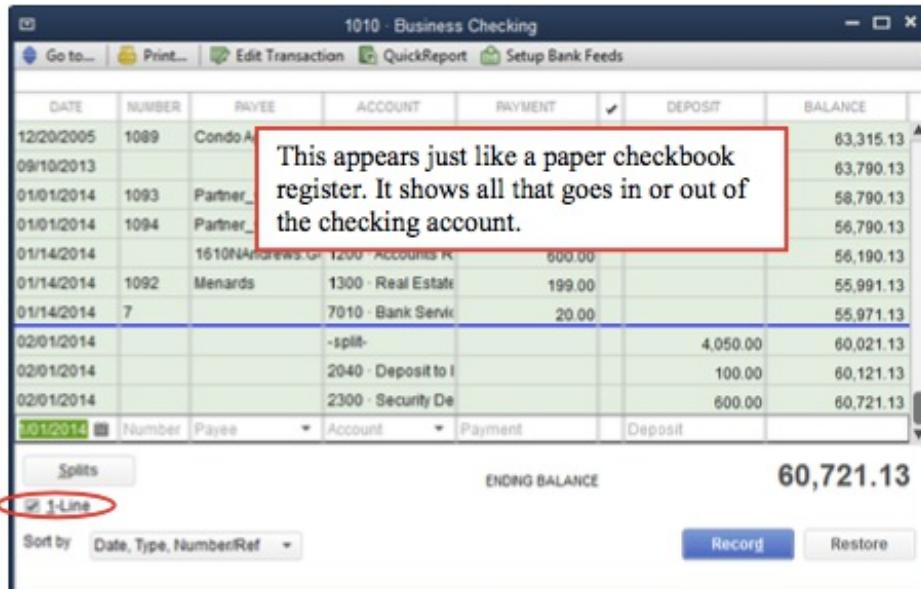
If your accountant did not segregate accumulated depreciation by property (listing each class in the journal entry), and you want to enter it that way you can make changes to his or her entry—just be very careful and backup before any changes are made. Then check your Balance Sheet before and after and run your new balances by your accountant. An easier method is to request he or she enters an Accumulated Depreciation transaction for each property.

If you are entering the accumulated depreciation yourself, click in the Menu Bar **Company > Make General Journal Entries....**



6.09 1-Line View in the Register

Registers default to a two line display format and it is often difficult to find a specific transaction by scanning the lines. The “1-Line” view method allows easy scanning with most of the important information of each transaction on each line. Activate or deactivate this with the “1-Line” checkbox in the bottom left of most registers.



6.10 Using an Accountant’s Review Copy File

An Accountant's Review is made when your accountant needs the file to review and to make some adjustments to your books, but you still want to have access to your books. This is an important topic if your accountant receives an electronic copy of your file (an Accountant's Review Copy) and sends you his or her entries back electronically.

Only one Accountant's Review Copy can exist at any one time. If you do not currently have one outstanding, you can create one by clicking in the Menu Bar **File > Accountant's Copy > Save File...** (or **Send to Accountant...**). Saving the file will require you email or transfer it to your accountant, sending it will use Intuit's secure transfer service and allow your accountant to log in and download the file from Intuit's servers.

Choose one of the two methods and send the file to your accountant.

While your accountant has the review copy, you will lose the ability to perform some functions within QuickBooks. You cannot:

- Delete a list entry
- Rename existing accounts or items
- Reorganize your lists

However, you still can:

- Record deposits
- Enter Invoices
- Create new list, customer, vendor entries, etc.

Caution



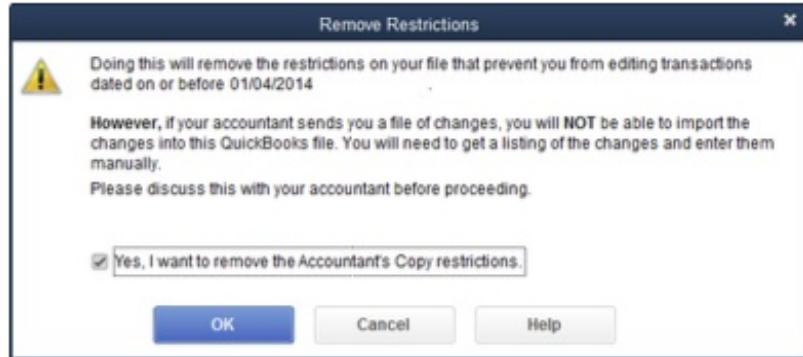
You should make a backup copy of your QuickBooks file before creating an Accountant's Review Copy. In case anything goes wrong when you try to merge the changes, you can always restore your backup and try again. For instructions on how to create a backup copy, please refer to section [3.30 "Back up" your Company Data](#) and section [3.31 "Restore" your Company Data](#).

The phrase "Accountant's Changes Pending" appears in the title bar of the QuickBooks program window, and will remain there until you have received your disk back from your accountant and merged the accountant's changes into your QuickBooks file, or you cancel the Accountant's copy.

YourCompany LLC (Accountant's Changes Pending) - QuickBooks

Quick Tip

If you ever need to cancel an Accountant's Copy, click in the Menu Bar **File > Accountant's Review > Cancel Accountant's Changes**. Click **OK**.



6.11 Merging your Accountant's Changes

When you receive the Accountant's Review file back from your accountant you need to merge the file with your current QuickBooks file. It can be through Intuit's secure servers, or via a file transferred to you. If it is a file, it should have an extension of ".AIF".

Caution

You should make a backup copy of your QuickBooks file before importing your Accountant's Changes. In case anything goes wrong when you try to merge the changes, you can always restore your backup and try again. For instructions on how to create a backup copy, please refer to section [3.30 "Back up" your Company Data](#) and section [3.31 "Restore" your Company Data](#).

Open QuickBooks. Verify by looking in the title bar that this is the correct company to import changes into. This is an issue only if you have multiple QuickBooks company files. Then click the Menu Bar **File > Accountant's Copy > Import Accountant's Changes from File... (or from Web...)**.

After your data has been imported you will have full functionality of the QuickBooks file again.



Q: I wanted to know exactly what transactions my accountant made, how can I view them?

A: Hopefully you made a backup before importing the file, so you can restore the backup and none of the changes will be included. It is helpful to print a few reports (especially a P & L and Balance Sheet) and re-import the Accountant's changes. Make these reports again and compare to find the net changes are for the accountant's copy to your previous version.

Ask your accountant for a report of the transactions he or she performed.

An accountant's review copy only allows the following actions:

- Entering general journal transactions
- Memorize new general journal transactions
- Adjust inventory values (not applicable to real estate)
- Create and print tax forms
- Create new reports
- Add new items to the Chart of Accountants, To Do and Notes list
- Edit existing account names and numbers
- Edit account and tax information for existing items

Take a look through your file and see if any of the above changes were made.

6.12 Keyboard Shortcuts

The following is a quick reference of the keyboard shortcuts available throughout the application. Print this page out and try to learn a new one every day. They save considerable time.

General	Key
To start QuickBooks without a company file	CTRL + double-click
To suppress the desktop windows (at Open Company window)	ALT (while opening)
Display information about QuickBooks	F2
Cancel	ESC
Record (when black border is around OK, Next, or Prev button)	↔
Record (always)	CTRL + ↔
Close QuickBooks	ALT + F4

Dates	Key
Next day	+ (plus key)
Previous day	- (minus key)
Today	T
First day of the Week	W
Last day of the week	K
First day of the Month	M
Last day of the month	H
First day of the Year	Y
Last day of the year	R
Date calendar	ALT + down arrow

Editing	Key
Edit transaction selected in register	CTRL + E
Delete character to right of insertion point	DEL
Delete character to left of insertion point	BACKSPACE
Delete line from detail area	CTRL + Del
Insert line in detail area	CTRL + Ins
Cut selected characters	CTRL + X
Copy selected characters	CTRL + C
Paste cut or copied characters	CTRL + V
Increase check or other form number by one	+ (plus key)
Decrease check or other form number by one	- (minus key)
Undo changes made in a field	CTRL + Z

Help Window	Key
Display Help in context	F1
Select next option or topic	TAB

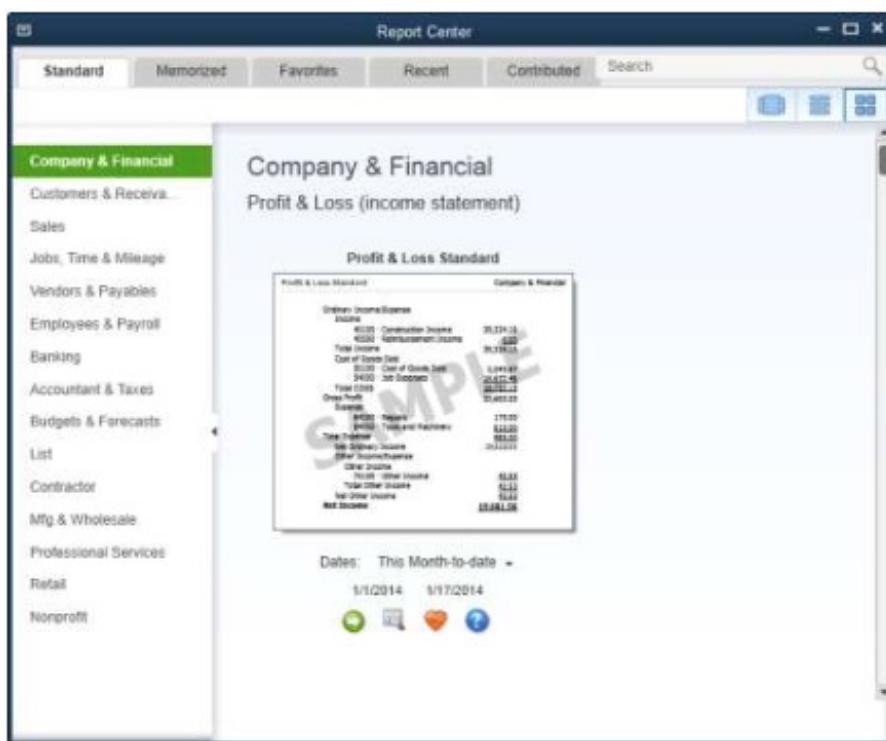
Help Window	Key
Select previous option or topic	SHIFT + TAB
Activity	Key
Account list, display	CTRL + A
Check, write	CTRL + W
Copy transaction in register	CTRL + O
Customer:Job list, display	CTRL + J
Delete check, invoice, transaction, or item from list	CTRL + D
Edit lists or registers	CTRL + E
QuickFill and Recall (type first few letters of name and press Tab, name fills in)	abc TAB
Find transaction	CTRL + F
Go to register of transfer account	CTRL + G
Display information about QuickBooks	F2
History of A/R or A/P transaction	CTRL + H
Invoice, create	CTRL + I
List (for current field), display	CTRL + L
Memorize transaction or report	CTRL + M
Memorized transaction list, display	CTRL + T
New invoice, bill, cheque or list item	CTRL + N
Paste copied transaction in register	CTRL + V
Print	CTRL + P
QuickZoom on report	↔
QuickReport on transaction or list item	CTRL + Q
Register, display	CTRL + R
Show list	CTRL + S
Use list item	CTRL + U

Activity	Key
Transaction journal, display	CTRL + Y
Moving around a window	Key
Next field	Tab
Previous field	SHIFT + TAB
Report column to the right	Right arrow
Report column to the left	Left arrow
Beginning of current field	HOME
End of current field	END
Line below in detail area or on report	Down arrow
Line above in detail area or on report	Up arrow
Down one screen	PAGE DOWN
Up one screen	PAGE UP
Next word in field	CTRL + →
Previous word in field	CTRL + ←
Next name down in a list	CTRL + ↓
Next name up in a list	CTRL + ↑
First item on list or previous month in register	CTRL + PAGE UP
Last item on list or next month in register	CTRL + PAGE DOWN
Close active window	ESC or CTRL + F4

Chapter 7: Reporting Tasks

7.01 Using Reports

Reports are one of the most powerful and time saving features of QuickBooks. In a manual system (or even in a spreadsheet based bookkeeping system), generating reports is time consuming and error prone. QuickBooks comes with many pre-configured reports you can start using immediately. Access the Report Center in the Menu Bar, **Reports > Report Center**.



Open Report Finder to browse through the existing QuickBooks reports. Spending some time looking at the reports available through QuickBooks is the best way to become familiar with the many reports available to you.

Landlord Accounting has included several custom reports in the sample files that may be useful as well. Access these through the Menu Bar, **Reports > Memorized Reports > LandlordAccounting.com >** (then choose a report).

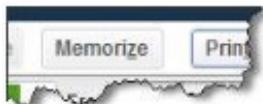
Quick Tip



If for some reason you cannot access these memorized reports (using QB Online, or not using the sample company file), fear not. Keep reading the following pages and you will be able to understand how these reports are built and recreate them yourself in your company file.

If you still need a more advanced report, you can customize existing reports, or (in the Pro and higher versions of QuickBooks) export reports to Excel for further analysis.

When you customize a report that you like, memorize it by clicking the Memorize button.



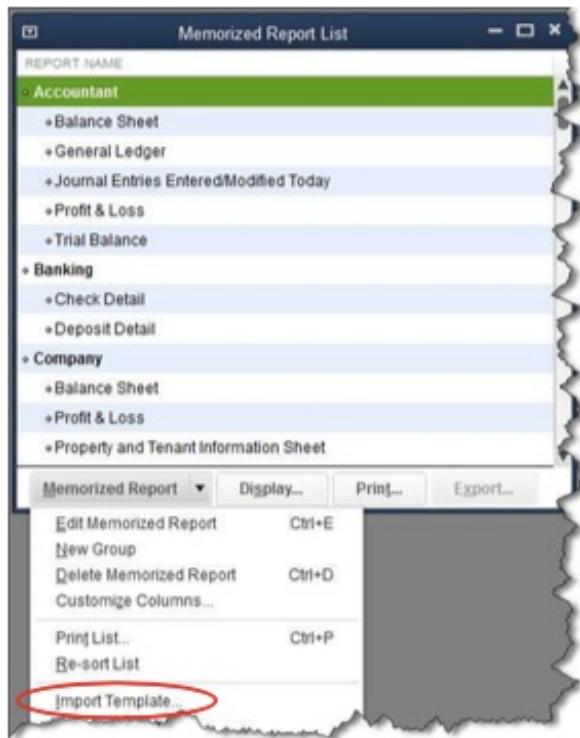
Access the list of memorized reports through **Reports > Memorized Reports > Memorized Reports List**.

Quick Tip



If you have an existing company file, you can import the Landlord Accounting.com memorized reports group. (Unfortunately, importing memorized reports is not supported in the online edition. There you can recreate them and memorize them though).

Click **Reports > Memorized Reports > Memorized Reports List**. Click the button Memorized Report and choose **Import Template...**



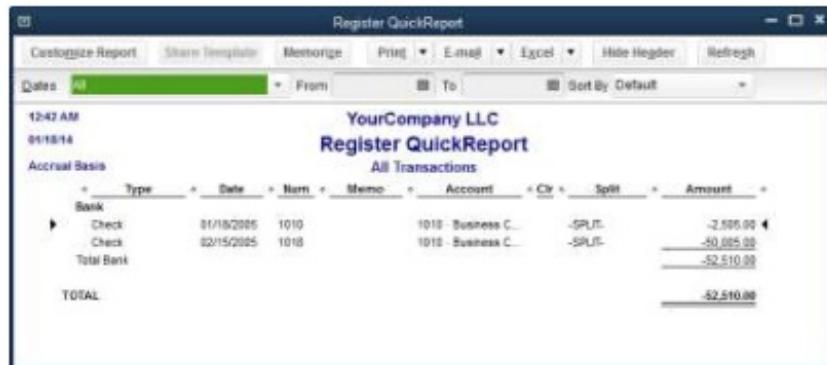
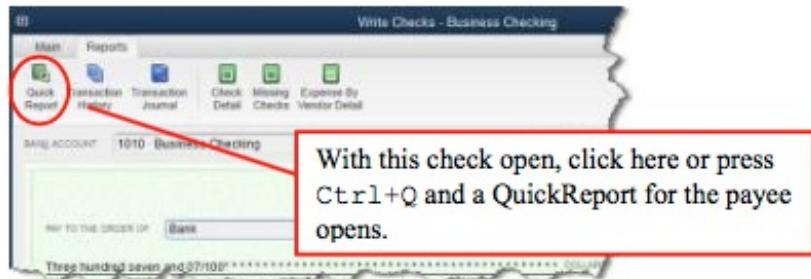
Browse to the Memorized Report Group file, and import it.

The following sections introduce the basic QuickBooks reports that are useful for landlords.

7.02 QuickReports

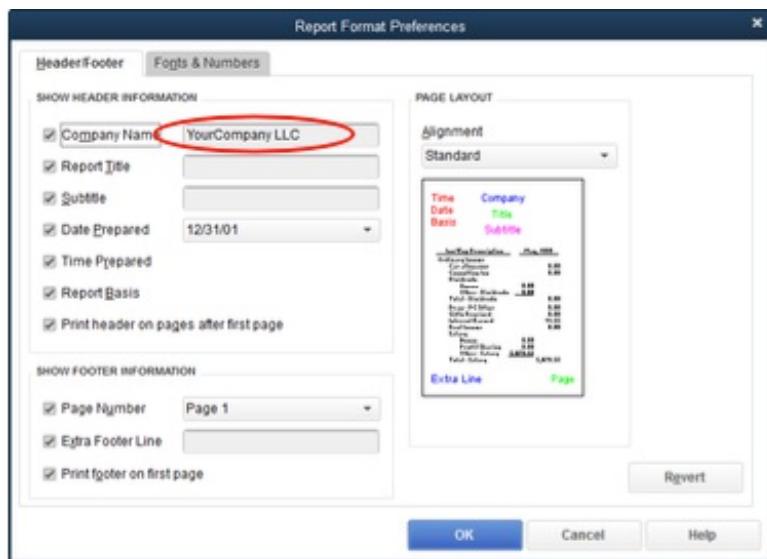
With almost every entry (customer register entry, checkbook entry, etc.) you can right click and create a QuickReport. These reports present the financial information you're most likely to want in the context of that transaction.

If you click **QuickReport** (**Ctrl+Q**) after selecting a check in your checking account register, QuickBooks displays a list of all the checks in the register made out to that payee.



Quick Tip

To have your company name appear in reports, open preferences (**Edit > Preferences...**) and choose the Reports & Graphs section, click the Company Preferences tab and click **Format...** Change the Company Name field to your company's name.



While you are setting your company's name in reports, also go to **Company > My Company...** and set your company name and identification.

Quick Tip

The best thing you can do to start understanding reports it to make lots of them. Try every report in the **Reports** menu and determine which ones will be helpful for your company. Add custom fields to Customers and Jobs to get the information out of QuickBooks that your business needs.

7.03 Profit and Loss (Income Statement) Standard Report

The P&L Standard Report will show you income and expenses for your entire business. In the Menu Bar click **Reports > Company & Financial > Profit & Loss Standard**. This defaults to summarizing your income and expense accounts for the month. In the following picture, the date range was changed to twelve months by editing the dates in the From and To fields.

Quick Tip

If you want to find out more about a payment, hold your mouse over a line and it will turn into a magnifying glass with a "Z" inside it. You can "drill down" to the underlying transactions (and make corrections or analyze details) by double clicking. This feature is called "QuickZoom."



Cash Basis

Customize the date range

To further customize a report, click Customize Report...

Click Collapse to change the format between this and the next graphic.

YourCompany LLC	
Profit & Loss	
January through December 2005	
+ <u>Jan - Dec 05</u> +	
Income	31,017.00
Come	
Me	75.00
Fee Income	25.00
Check Fee Income	308.00
Total 4200 - Fee Income	408.00
Total Income	<u>31,425.00</u>
	31,425.00
Insurance	
Property Insurance	1,207.00
Liability Insurance	<u>589.90</u>
Total Insurance	1,796.90
5200 - Interest Expense	
5220 - Loan Interest	<u>2,111.57</u>
Total 5200 - Interest Expense	2,111.57
5300 - Repairs	
5310 - Building Repairs	3,746.78
5340 - Cleaning Expense	<u>30.00</u>
Total 5300 - Repairs	3,776.78
5400 - Utilities	
5410 - Gas	245.00
5430 - Electric	76.00
5440 - Telephone	<u>1,072.80</u>
Total 5400 - Utilities	1,393.80
5490 - Condo Assoc Fee	1,440.00
5700 - Advertising	120.00
6200 - Taxes	
6230 - Property Taxes	<u>3,587.82</u>
Total 6200 - Taxes	3,587.82
6600 - Yard Maintenance	450.00
6700 - Uncollectible Rent	173.00
7010 - Bank Service Charges	
7011 - NSF bank charge	20.00
7012 - Check Fee	10.00
7013 - PMI Fee	<u>180.00</u>
Total 7010 - Bank Service Charges	210.00
Total Expense	<u>15,059.87</u>
Net Ordinary Income	16,365.13
▼ Other Income/Expense	
Other Income	
4300 - Capital Gains (Loss)	<u>-11,000.00</u>
Total Other Income	<u>-11,000.00</u>
Net Other Income	<u>-11,000.00</u>
Net Income	<u>5,365.13</u>

See Also

If you want to display this by property, refer to section [7.05 Profit and Loss by Property](#).

The screenshot shows the QuickBooks Profit & Loss report for YourCompany LLC. The report title is "YourCompany LLC Profit & Loss" and the date range is "January through December 2005". The report is displayed in "Cash Basis". The income section shows:

11:50 AM	From 01/01/2005	To 12/31/2005
01/18/14	Columns Total only	
Cash Basis	+ Jan - Dec 05 +	
YourCompany LLC		
Profit & Loss		
January through December 2005		
+ Jan - Dec 05 +		
Ordinary Income/Expense		
Income		
4100 · Rental Income	31,017.00	
4200 · Fee Income	408.00	
Total Income	31,425.00	
Expense		
5100 · Insurance	1,796.90	
5200 · Interest Expense	2,111.57	
5300 · Repairs	3,776.78	
5400 · Utilities	1,393.80	
5490 · Condo Assoc Fee	1,440.00	
5700 · Advertising	120.00	
6200 · Taxes	3,587.82	
6600 · Yard Maintenance	450.00	
6700 · Uncollectible Rent	173.00	
7010 · Bank Service Charges	210.00	
Total Expense	15,059.67	
Net Ordinary Income	16,365.13	
Other Income/Expense		
Other Income	-11,000.00	
Net Other Income	-11,000.00	
Net Income	5,365.13	

Annotations on the report:

- A red box labeled "Adjust the date range" points to the date range selector.
- A red box labeled "If you like a report, click Memorize..." points to the "Memorize" button in the toolbar.
- A red box labeled "This is after Collapsing the previous report" points to the collapsed report structure.
- A red box labeled "Double clicking on this amount will give the following view. That feature is called 'QuickZoom.'" points to the "Net Income" line item.

This report corresponds to the entry double clicked on in the previous Profit and Loss Report.

Transaction Detail By Account												
January through December 2005												
Type	Date	Sum	Adj	Name	Memo	Class	Ctr	Split	Debit	Credit	Original Amount	Balance
Check	05/15/2005	1846		Yard Care		1010 Busine...			45.00		45.00	45.00
Check	05/30/2005	1042		Yard Care		1010 Busine...			45.00		45.00	90.00
Check	06/15/2005	1047		Yard Care		1010 Busine...			45.00		45.00	135.00
Check	06/30/2005	1048		Yard Care		1010 Busine...			45.00		45.00	180.00
Check	07/15/2005	1053		Yard Care		1010 Busine...			45.00		45.00	225.00
Check	07/30/2005	1058		Yard Care		1010 Busine...			45.00		45.00	270.00
Check	08/15/2005	1061		Yard Care		1010 Busine...			45.00		45.00	315.00
Check	08/30/2005	1064		Yard Care		1010 Busine...			45.00		45.00	360.00
Check	09/15/2005	1069		Yard Care		1010 Busine...			45.00		45.00	405.00
Check	09/30/2005	1072		Yard Care		1010 Busine...			45.00		45.00	450.00
Total 0500 - Yard Maintenance									450.00	0.00		450.00
TOTAL:												

7.04 Profit and Loss Detail Report

This report shows all transactions for the date range (instead of just the totals above) for income and expense accounts. In the Menu Bar, click **Reports > Company & Financial > Profit & Loss Detail**. Please note that no matter what your preferences are for cash accounting, detail reports (including this one) default to use accrual accounting.

Quick Tip



You can change it by clicking on **Customize Report** If you particularly like a report after modifying it, memorize it. Memorized reports are available from the Menu Bar; click **Reports > Memorized Reports > Memorized Report List**.

Profit & Loss Detail											
Customize Report Share Template Memo Print Email Export Hide											
Your Company LLC Profit & Loss Detail January through December 2005											
Annual Basis											
Type	Date	Name	Adv.	Ref.	Memo	Class	Cr.	Spl.			
Income											
#000 - Rental Income											
Invoice	01/01/2005	1001	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	600.00		600.00		
Invoice	02/01/2005	1002	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	600.00		600.00		
Invoice	02/01/2005	1003	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		1,465.00		
Invoice	02/01/2005	1004	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		1,738.00		
Invoice	02/01/2005	1005	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		1,895.00		
Invoice	02/01/2005	1006	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	360.00		2,160.00		
Invoice	02/01/2005	1007	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	600.00		2,393.00		
Invoice	02/01/2005	1008	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		2,229.00		
Invoice	02/01/2005	1009	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		2,485.00		
Invoice	02/01/2005	1010	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		2,758.00		
Invoice	02/01/2005	1011	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		4,525.00		
Invoice	02/01/2005	1012	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		5,125.00		
Invoice	02/01/2005	1013	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		5,575.00		
Deposit	02/01/2005		3304CovernatKes..	Depos	3304Ce..	1210 Taxes..	2,000.00		3,175.00		
Credit/Memo	02/01/2005	1014	3304CovernatKes..	Monthly rent	3304Ce..	1200 Accts..	3,000.00		3,575.00		
Invoice	04/01/2005	1015	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		6,175.00		
Invoice	04/01/2005	1016	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		6,950.00		
Invoice	04/01/2005	1017	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		7,215.00		
Invoice	04/01/2005	1018	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		7,480.00		
Invoice	04/01/2005	1019	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		7,745.00		
Invoice	04/01/2005	1020	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		7,910.00		
Invoice	04/01/2005	1021	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		8,175.00		
Invoice	04/01/2005	1022	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	600.00		8,340.00		
Invoice	04/01/2005	1023	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		8,795.00		
Invoice	04/01/2005	1024	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	600.00		9,365.00		
Invoice	04/01/2005	1025	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		10,170.00		
Invoice	04/01/2005	1026	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		10,775.00		
Invoice	04/01/2005	1027	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		11,230.00		
Invoice	04/01/2005	1028	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		11,705.00		
Invoice	04/01/2005	1029	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		12,280.00		
Invoice	04/01/2005	1030	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		12,545.00		
Invoice	04/01/2005	1031	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		12,810.00		
Invoice	04/01/2005	1032	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		13,075.00		
Invoice	04/01/2005	1033	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		13,350.00		
Invoice	04/01/2005	1034	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		13,825.00		
Invoice	04/01/2005	1035	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		14,390.00		
Invoice	04/01/2005	1036	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		14,755.00		
Invoice	04/01/2005	1037	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		15,130.00		
Invoice	04/01/2005	1038	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		15,495.00		
Invoice	04/01/2005	1039	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		16,060.00		
Invoice	04/01/2005	1040	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		16,535.00		
Invoice	04/01/2005	1041	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		17,100.00		
Invoice	04/01/2005	1042	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		17,575.00		
Invoice	04/01/2005	1043	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		18,150.00		
Invoice	04/01/2005	1044	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		18,425.00		
Invoice	04/01/2005	1045	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		18,800.00		
Invoice	04/01/2005	1046	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		19,175.00		
Invoice	04/01/2005	1047	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		19,550.00		
Invoice	04/01/2005	1048	3304CovernatKes..	Rent Due	3304Ce..	1200 Accts..	450.00		19,925.00		
Invoice	04/01/2005	1049	123MarsStRobina..	Rent Due	123MarsSt	1200 Accts..	775.00		20,700.00		
Invoice	04/01/2005	1050	16194AndrewsG..	Rent Due	16194Andre..	1200 Accts..	600.00		21,275.00		
Invoice	04/01/2005	1051	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		21,650.00		
Invoice	04/01/2005	1052	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		22,025.00		
Invoice	04/01/2005	1053	3305Balancet21Fls..	Rent Due	3305Balac..	1200 Accts..	260.00		22,400.00		
Invoice	04/01/2005	1054	3305Balancet21Or..	Rent Due	3305Balac..	1200 Accts..	260.00		22,775.00		
Invoice	04/01/2005	1055	3305Balancet21Kes..	Rent Due	3305Balac..	1200 Accts..	260.00		23,150.00		
Invoice	04/01/2005	1056	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	450.00		23,525.00		
Invoice	04/01/2005	1057	3304CovernatLee	Rent Due	3304Ce..	1200 Accts..	450.00		23,895.00		

This is a long report, listing every income and expense transaction.

Other Income/Expense											
Other Income											
#000 - Capital Gains (Loss)											
Deposit	04/15/2005	1000...	Ben Baymuck	Deposit	123MarsSt	1012 Busine...	2,000.00		2,000.00		
Deposit	04/18/2005	1000...	Ben Baymuck	Deposit	the only a...	1010 Busine...	\$1,000.00		-\$1,000.00		
Total 4308 Capital Gains (Loss)											
Total Other Income											
Net Other Income											
Net Income											

Profit and Loss Detail Report



Q: What is the difference between the Summary and Detail reports?

A: Summary (standard) Reports do not list individual transactions. They summarize groups of transactions by showing a single total for each group. To see a list of the transactions that make up an amount, double-click the amount. For high level understanding of a business, a summary report is more useful than a detailed report, which is full of individual transactions.

Detail Reports show the individual totals from which QuickBooks calculated each group total. This will typically list individual transactions.

Quick Tip

Transaction detail reports are always displayed on an accrual basis, regardless of the preference you selected. To customize the report to be on a cash basis, click the Customize Report... button and select cash as the Report Basis.

Transaction reports, as opposed to transaction detail reports, are always on an accrual basis and cannot be changed to a cash basis.

Accrual-basis transaction reports and transaction detail reports show a single amount for each transaction. QuickBooks displays this amount in the Amount column.

Cash-basis transaction detail reports have two amount columns for each transaction. A sale transaction can be composed of an invoice amount and a payment. A purchase transaction can be composed of a bill amount and a bill payment. QuickBooks displays these amounts in the Original Amount column and the Paid Amount column, respectively. (Read more in QuickBooks Help).

7.05 Profit and Loss by Property

In the Menu Bar, click **Reports > Company & Financial > P & L** (Standard or Detail). Under the Columns dropdown menu, set it to Class. There will be a column for every property in this view, as well as a grand total on the right. If you have many properties, you may wish to export to Excel. This report is also available in **Reports > Memorized Reports > LandlordAccounting.com > Profit & Loss by Class**.

The Expand or Collapse button shows or hides sub-accounts. **Collapse** was clicked in the below report, so all sub-accounts were summed into the accounts displayed. You can click **Expand** to see sub accounts.

Profit & Loss by Class

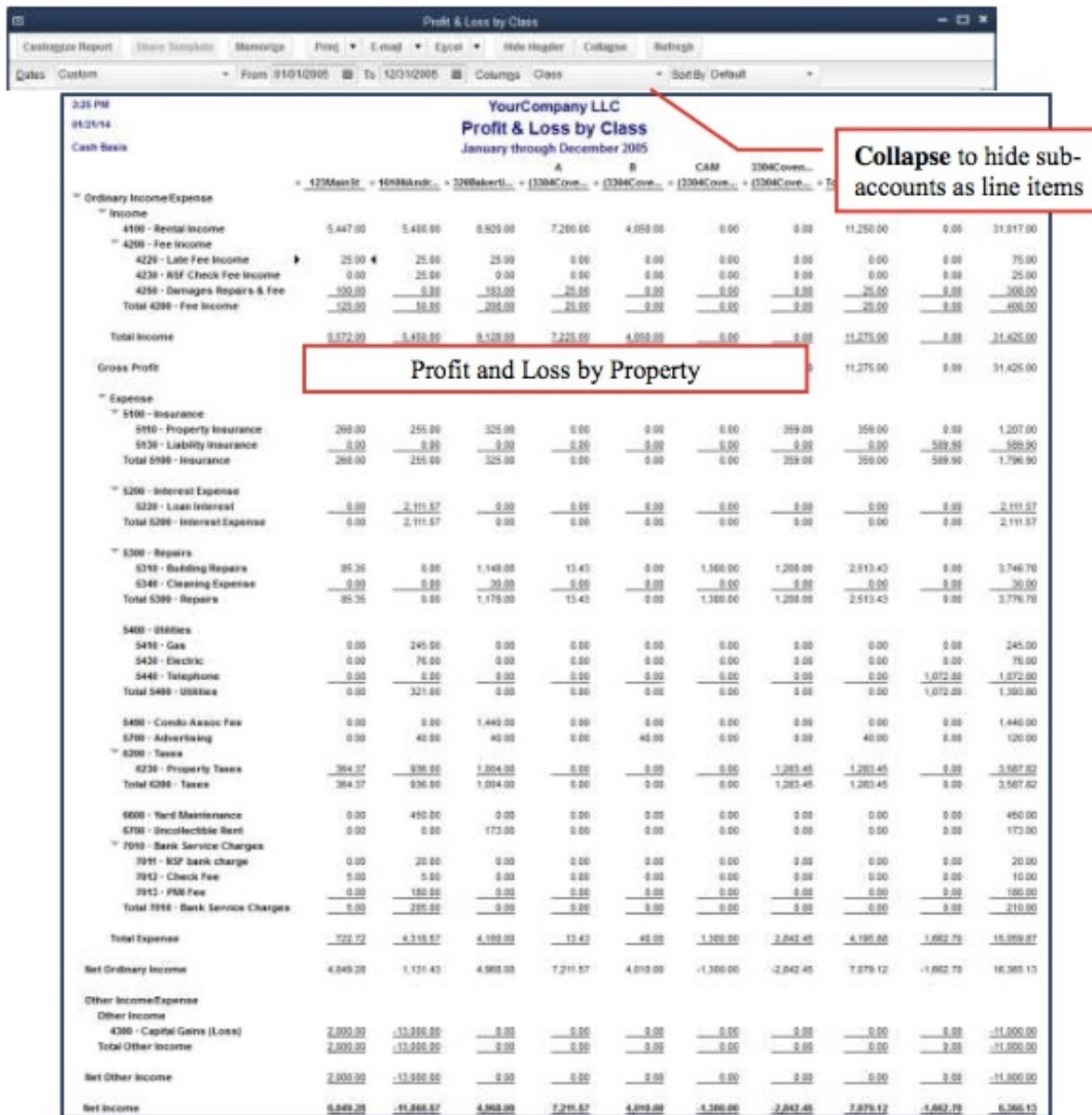
The screenshot shows the 'Profit & Loss by Class' report in QuickBooks. The interface includes a toolbar with 'Customer Report', 'Item Template', 'Memorize', 'Print', 'E-mail', 'Email', 'Hide Header', 'Expand', and 'Refresh'. The date range is set from 01/01/2005 to 12/31/2005. The report is grouped by 'Class'.

Columns are by class. (highlighted in red)

Expand to see sub-accounts as line items. (highlighted in red)

Profit and Loss by Property (highlighted in red)

	A	B	CAM	3394Cove...	Total 3394C...	YearComp...	TOTAL
Income							
4100 - Rental Income	5,447.00	5,430.00	8,920.00	7,200.00	4,950.00	0.00	11,250.00
4200 - Fee Income	-125.00	50.00	268.00	-25.00	0.00	0.00	-25.00
Total Income	5,322.00	5,410.00	8,128.00	7,175.00	4,950.00	0.00	11,225.00
Gross Profit	5,372.00	5,460.00	9,128.00	7,225.00	4,850.00	0.00	11,275.00
Expense							
5100 - Insurance	268.00	255.00	325.00	0.00	0.00	359.00	569.90
5200 - Interest Expense	0.00	2,111.57	0.00	0.00	0.00	0.00	2,111.57
5300 - Repairs	85.35	0.00	1,179.00	13.43	0.00	1,200.00	2,513.43
5400 - Utilities	0.00	321.00	0.00	0.00	0.00	0.00	321.00
5480 - Condo Assoc Fee	0.00	0.00	1,440.00	0.00	0.00	0.00	1,440.00
5700 - Advertising	0.00	43.00	40.00	0.00	0.00	40.00	0.00
5200 - Taxes	364.27	936.00	1,894.00	0.00	0.00	1,282.45	1,223.45
6400 - Yard Maintenance	0.00	450.00	0.00	0.00	0.00	0.00	450.00
6700 - Uncollectible Rent	0.00	0.00	173.00	0.00	0.00	0.00	173.00
7400 - Bank Service Charges	5.00	201.00	0.00	0.00	0.00	0.00	210.00
Total Expenses	722.72	4,318.57	8,160.00	13.43	40.00	1,200.00	2,842.45
Net Ordinary Income	4,649.28	1,131.43	4,968.00	7,211.57	4,810.00	-1,300.00	-2,842.45
Other Income/Expense							
Other Income							
4300 - Capital Gains (Loss)	2,000.00						2,000.00
Total Other Income	2,000.00	-11,000.00	0.00	0.00	0.00	0.00	-11,000.00
Net Other Income	2,000.00	-11,000.00	0.00	0.00	0.00	0.00	-11,000.00
Net Income	5,649.28	-11,000.00	4,968.00	7,211.57	4,810.00	-1,300.00	-2,842.45



Profit & Loss by Class

2:26 PM
9/21/14
Cash Basis

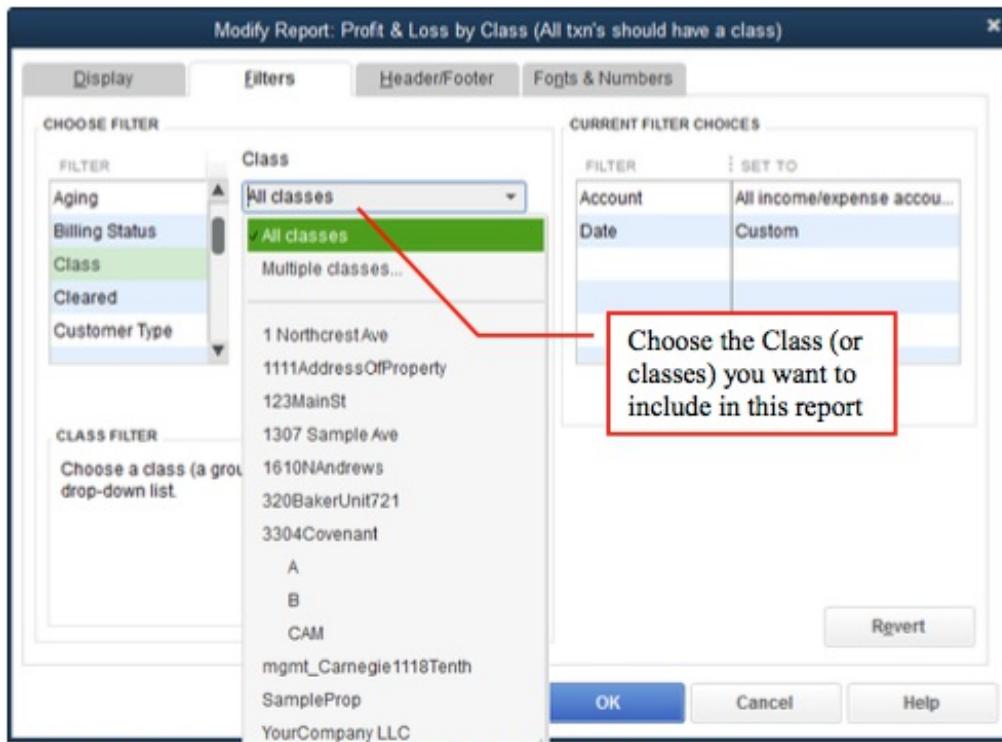
YourCompany LLC
Profit & Loss by Class
January through December 2005

	A	B	CAM	3304Cover...	3304Cover...	3304Cover...	Total
Ordinary Income/Expense	+ 122MainSt	+ 1609Andr...	+ 3208Balke...	+ (3304Cover...	+ (3304Cover...	+ (3304Cover...	
Income							
4100 - Rental Income	5,447.00	5,400.00	9,529.00	7,206.00	4,059.00	0.00	11,250.00
4200 - Fee Income							
4228 - Late Fee Income	25.00	25.00	25.00	0.00	0.00	0.00	75.00
4238 - NSF Check Fee Income	0.00	25.00	0.00	0.00	0.00	0.00	25.00
4250 - Damages Repairs & Fee	100.00	0.00	193.00	25.00	0.00	0.00	230.00
Total 4200 - Fee Income	125.00	10.00	238.00	25.00	0.00	0.00	400.00
Total Income	5,572.00	5,410.00	9,129.00	7,225.00	4,059.00	0.00	11,275.00
Gross Profit:	Profit and Loss by Property						
Expense							
5100 - Insurance:							
5110 - Property Insurance	268.00	255.00	325.00	0.00	0.00	0.00	359.00
5130 - Liability Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 5100 - Insurance	268.00	255.00	325.00	0.00	0.00	0.00	359.00
5200 - Interest Expense							
5220 - Loan Interest	0.00	2,111.57	0.00	0.00	0.00	0.00	0.00
Total 5200 - Interest Expense	0.00	2,111.57	0.00	0.00	0.00	0.00	0.00
5300 - Repairs							
5310 - Building Repairs	85.35	0.00	1,148.00	15.43	0.00	1,360.00	1,206.00
5340 - Cleaning Expenses	0.00	0.00	39.00	0.00	0.00	0.00	0.00
Total 5300 - Repairs	85.35	0.00	1,179.00	15.43	0.00	1,360.00	1,206.00
5400 - Utilities							
5410 - Gas	0.00	245.00	0.00	0.00	0.00	0.00	0.00
5420 - Electric	0.00	76.00	0.00	0.00	0.00	0.00	0.00
5440 - Telephone	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 5400 - Utilities	0.00	321.00	0.00	0.00	0.00	0.00	0.00
5480 - Condo Assoc. Fee							
5700 - Advertising	0.00	40.00	40.00	0.00	0.00	0.00	40.00
Total 5480 - Condo Assoc. Fee	0.00	40.00	40.00	0.00	0.00	0.00	40.00
5700 - Advertising							
6200 - Taxes							
6230 - Property Taxes	384.37	326.00	1,004.00	0.00	0.00	0.00	1,283.45
Total 6200 - Taxes	384.37	326.00	1,004.00	0.00	0.00	0.00	1,283.45
6600 - Yard Maintenance							
6700 - Uncollectible Rent							
7010 - Bank Service Charges							
7011 - NCF bank charge	0.00	20.00	0.00	0.00	0.00	0.00	0.00
7012 - Check Fee	5.00	5.00	0.00	0.00	0.00	0.00	0.00
7013 - PWB Fee	0.00	185.00	0.00	0.00	0.00	0.00	0.00
Total 7010 - Bank Service Charges	0.00	205.00	0.00	0.00	0.00	0.00	0.00
Total Expense	727.72	4,318.57	4,180.00	73.43	40.00	1,360.00	2,042.40
Net Ordinary Income	4,849.28	1,171.43	4,969.00	7,211.57	4,019.00	-1,306.00	-2,042.40
Other Income/Expense							
Other Income							
4300 - Capital Gains (Loss)	2,000.00	-13,300.00	0.00	0.00	0.00	0.00	0.00
Total Other Income	2,000.00	-13,300.00	0.00	0.00	0.00	0.00	0.00
Net Other Income	2,000.00	-13,300.00	0.00	0.00	0.00	0.00	0.00
Net Income	6,849.28	-11,288.57	4,969.00	7,211.57	4,019.00	-1,306.00	-2,042.40
							-1,062.79
							0.366.12

Collapse to hide sub-accounts as line items

7.06 Profit and Loss for One Property

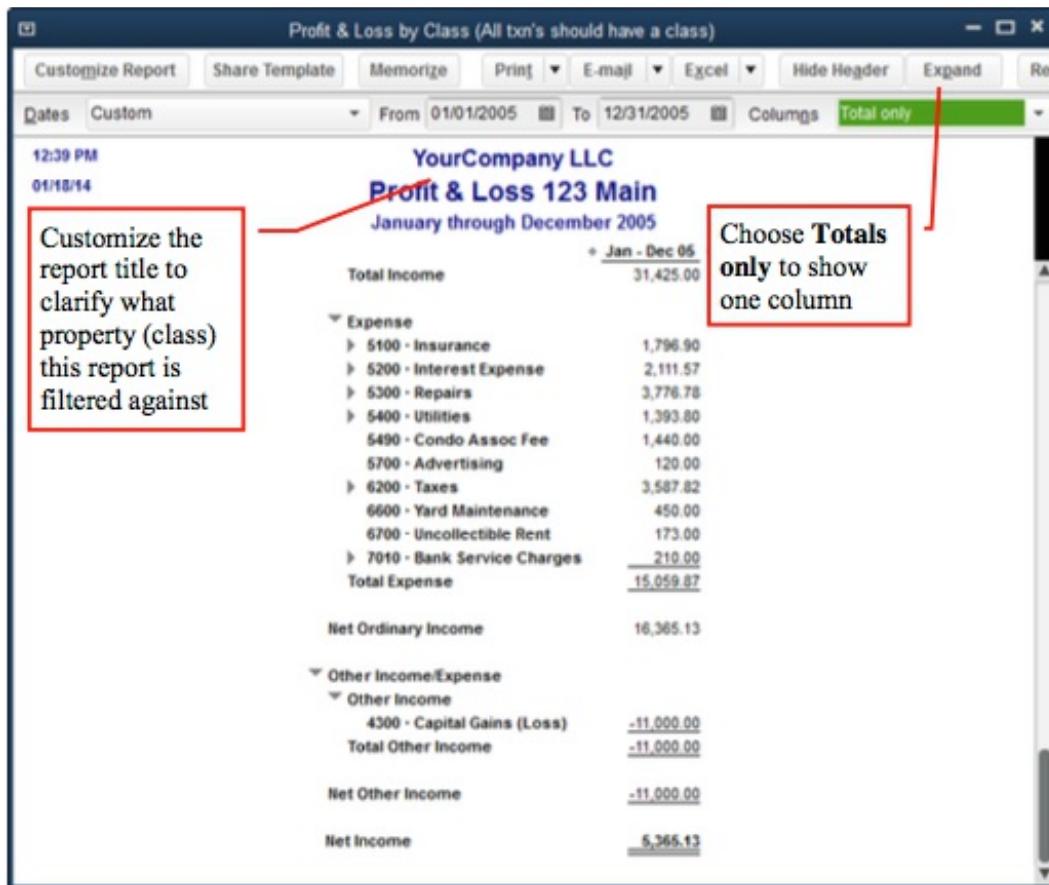
If you want to produce the previous report, however only for one property, you will need to create a “Filter.” In the Menu Bar, click **Reports > Memorized Reports > LandlordAccounting.com > Profit & Loss by Class**. Then, in the report that appears, click the **Customize Report** button. Click the **Filters** tab.



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Then click on the **Header/Footer** tab and rename the **Report Title** to reflect the property in this new customized report. Click **OK** to close the Modify Report window.

You will see a report similar to the following. Click the **Expand or Collapse** buttons to show more or less information.



7.07 Balance Sheet Standard

A balance sheet is often described as a “snapshot” of the company’s financial condition on a given date. The balance sheet looks at a single point in time, displaying the then-current values of Assets, Liabilities and Equity.

These three parts: assets, liabilities and shareholders’ equity are related to the fundamental accounting equation: $Assets = Liabilities + Equity$. The difference between the assets and the liabilities is known as the net assets or the net worth of the company.

The net assets shown by the balance sheet equals the shareholders’ equity. This occurs due to the system of double entry accounting.

The following image shows a standard QuickBooks balance sheet. In the Menu Bar, click **Reports > Company & Financial > Balance Sheet Standard**.

See Also

For more information about the fundamental accounting equation, see section [2.02 The Basic Accounting Equation](#).

Double entry accounting is covered in section [2.09 What is Double-Entry Accounting?](#)

4:04 PM
01/21/14
Cash Basis

Like the previous report, **Expand** and **Collapse** will show and hide sub-accounts as line items.

Balance Sheet		
Customize Report Share Template Memorize Print E-mail Excel Hide Header Collapse		
Dates	This Fiscal Year-to-date	As of 01/21/2014 Columns Total only Sort By Default
		31,05 ◊
▼ ASSETS		
▼ Current Assets		
▼ Checking/Savings		
1010 · Business Checking	63,315.13	63,315.13
Total Checking/Savings		
▼ Other Current Assets		
1040 · Start-up Assets	4,000.00	4,000.00
Total Other Current Assets		
Total Current Assets		67,315.13
▼ Fixed Assets		
1300 · Real Estate Assets	159,000.00	159,000.00
1999 · Accumulated Depreciation RE	-5,000.00	-5,000.00
Total Fixed Assets		154,000.00
TOTAL ASSETS		<u>221,315.13</u>
▼ LIABILITIES & EQUITY		
▼ Liabilities		
▼ Current Liabilities		
▼ Other Current Liabilities		
2300 · Security Deposits	1,950.00	1,950.00
Total Other Current Liabilities		
Total Current Liabilities		<u>1,950.00</u>
Total Liabilities		1,950.00
▼ Equity		
3010 · Member C. Applegate Equity	107,000.00	107,000.00
3020 · Member W. Applegate Equity	107,000.00	107,000.00
Net Income	5,365.13	5,365.13
Total Equity		<u>219,365.13</u>
TOTAL LIABILITIES & EQUITY		<u>221,315.13</u>

Quick Tip

After you have several years in your company file, you can compare how the Balance Sheet has changed over the years. In the Menu Bar, click **Reports > Company and Financial > Balance Sheet Standard**, then click the **Columns** dropdown and choose **Year**. This will show values for all years on record.

7.08 Balance Sheet Details

For a detailed balance sheet that lists individual transactions and their impact to Assets, Liabilities and Equity—create a Balance Sheet Details report. In the Menu Bar, click **Reports > Company and Financial > Balance Sheet Detail**.

Balance Sheet Detail							
YourCompany LLC							
Balance Sheet Detail							
As of December 31, 2005							
+ Type	Date	Num	Adj	Name	Memo	Class	Cir
ASSETS							
Current Assets							
1010 - Business Checking							
Check	01/01/2005	1001		Sally Seller	offer to purc...	1030 - Earnest Mon...	0.00
Deposit	01/01/2005				Deposit mem...	-SPLIT-	0.00
Check	01/01/2005	1002		Cristy & Wess ...	purchase of...	1303 - 3304 Coven...	150,000.00
Check	01/01/2005	1003		Insurance Co.	LLC umbrella...	5130 - Liability Insu...	84,000.00
Check	01/01/2005	1004		Insurance Co.	320 Baker p...	* 5110 - Property Ins...	589.99
Check	01/01/2005	1005		Insurance Co.	3304 Coven...	* 5110 - Property Ins...	83,410.10
Deposit	01/01/2005				Security Dep...	* 2301 - Lee,Kristen&...	325.00
Payment	01/01/2005				* 1200 - Accounts R...	600.00	83,085.10
Check	01/08/2005	1006		Hardware Store	1/1 received	5310 - Building Rep...	83,326.10
Check	01/10/2005	1007		Wireless Phone...	repairs need...	* 5440 - Telephone	83,926.10
Check	01/15/2005	1008		Hardware Store	repairs to 32...	* 5310 - Building Rep...	83,540.10
Check	01/18/2005	1009		Hardware Store		* 5440 - Telephone	83,450.70
Check	01/18/2005	1010		Bank		* 5310 - Building Rep...	229.00
Check	01/18/2005	1011		Insurance Co.		* -SPLIT-	83,221.70
							2,000.00
							81,221.70
							2,505.00
							78,716.70
							78,461.70

This is a long report, listing every transaction that impacts the balance statement for the date range given

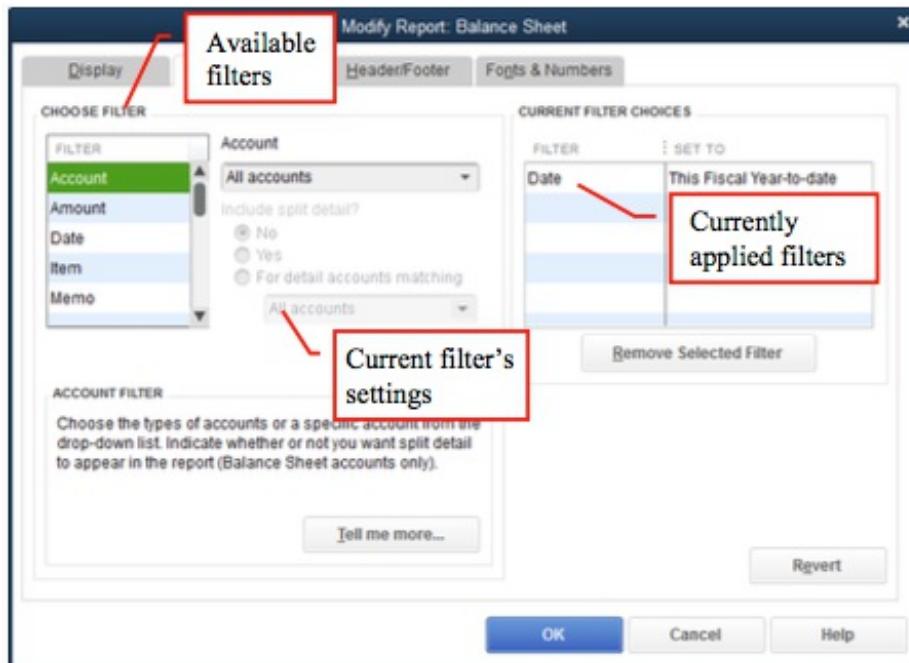
Total 3200 - Member W. Applegate Equity - Other							0.00
Total 3200 - Member W. Applegate Equity							5,000.00
							112,000.00
							107,000.00
3100 - Retained Earnings							0.00
Total 3100 - Retained Earnings							0.00
3200 - Opening Bal Equity							0.00
Total 3200 - Opening Bal Equity							0.00
Net Income							0.00
Total Net Income							31,997.87
							37,363.00
							5,365.13
Total Equity							41,997.87
							261,363.00
							219,365.13
TOTAL LIABILITIES & EQUITY							323,273.36
							221,316.13

7.09 Customizing Reports, using Filters, and More

If you need to customize a report, click the **Customize Report** button. From there, the Modify Report window opens. You can configure Display, Filters, Header/Footer and Fonts. The first two affect the data presented, the last two affect style, formatting and layout.



The Filters tab can allows you to exclude certain accounts, classes, transaction types, etc. from the report. This is quite useful, and best mastered through playing with it creating different types of reports.



The display tab varies depending on which type of report you are modifying. If you cannot configure what you want by customizing one report, try generating another report and modifying that instead.

7.10 Reports to Find and Correct Errors

It is likely some errors will crop up in your company file. Having the ability to catch these errors and quickly correct them is very important. The following reports (accessible through **Reports > Memorized Reports > LandlordAccounting.com**) are helpful to identify errors. Run these reports monthly.

Profit and Loss by Class

If any transactions are Unclassified, double click them and add the correct class. Remember, we want to specify classes (corresponding to each property) for transactions.

Unpaid Rent Invoices

Monthly check for all unpaid invoices (remember, we invoice for rent). Click in the Menu Bar, **Reports > Customers & Receivables > Open Invoices** and choose the Dates as **All**. This will show invoices that have not yet been paid, along with when they are due. You may have forgotten to Receive Payments for a customer's payment, or they may actually be overdue and you can send a letter.



Verify Invoiced Rent dates are correct

At the end of the month, open invoices (**Ctrl+I**) and click the “previous” icon (left arrow) to go through the current month’s invoices one by one.



Verify the dates are correct. QuickBooks has an option to use the last entered date as the default for new transactions. In special charge invoices you manually enter, if you did not specify the date, it will default to the last date entered (which could be from a check you wrote last month). You can disable this option through **Edit > Preferences...** go to the General section and uncheck **Use today's date as default**.

Double Check Classes

Verify you assigned the correct class to each tenant's properties. Click **Reports > Customers & Receivables > Customer Balance Detail**. It lists each Customer:Job with the transactions assigned to it. Verify the class is correct for the corresponding customer (property).

Frequently Generate Reports

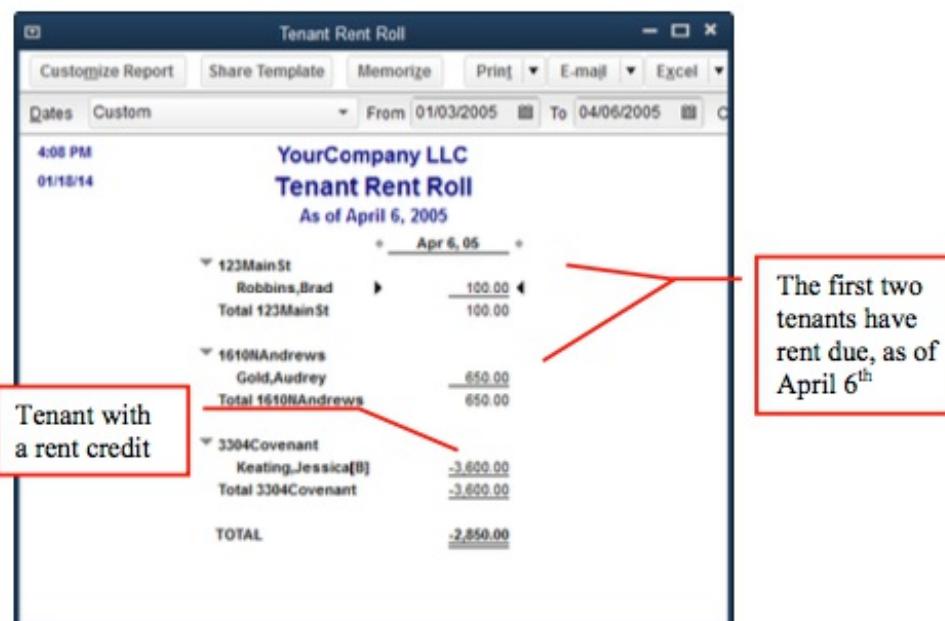
The most powerful way to catch errors is to frequently generate reports. The more you analyze your data, the more likely you are to catch mistakes. Start by creating all of this chapter's reports in the

sample data file, and then in your company file.

7.11 Running a Rent-Roll (Report on Overdue Tenants)

At any one moment, it is important to know how many renters owe you money, and how much they owe. You can do this several ways. This method assumes you have automatically entered charges as rents became due through memorizing each rent invoice and automatically entering monthly. Or, if you manually entered invoices, all tenants must be first charged for rent due before this report is run.

To create reports about which tenants have paid for the month and which are overdue (a rent roll) do the following. In the Menu Bar, click **Reports > Memorized Reports > LandlordAccounting.com > Tenant Rent Roll**.



For delinquent tenants, you can also create the Collections Report, which shows more detail about the outstanding amounts receivable. Click: **Reports > Customers & Receivables > Collections Report**.

The screenshot shows the 'Collections Report' window in QuickBooks. The report is titled 'YourCompany LLC Collections Report As of April 6, 2005'. It lists tenant invoices with their due dates, aging, and open balances. A red box highlights the text 'Note the due date, days aging, and open balance.' with a red arrow pointing to the report data.

Type	Date	Num.	P.O. #	Terms	Due Date	Class	Aging	Open Balance
123MainSt Robbins,Brad (123) 555-1999	03/26/2005	1014			03/26/2005	123MainSt	11	100.00 100.00
Total Robbins,Brad								100.00
Total 123MainSt								100.00
1610NAAndrews Gold,Audrey Audrey Gold (211) 555-1234	04/05/2005	1025		Rent Du...	04/05/2005	1610NA...	1	650.00 650.00
Total Gold,Audrey								650.00
Total 1610NAAndrews								650.00
3304Covenant Keating,Jessica[B] Jessica Keating (437) 555-1285	04/01/2005	1016			04/01/2005	3304Co...	5	-3,600.00 -3,600.00
Credit Memo Total Keating,Jessica[B]								-3,600.00
Total 3304Covenant								-3,600.00
TOTAL								-2,860.00

7.12 Historical Charges and Payments by Tenant

View historical charges for all tenants: **Reports > Memorized Reports > LandlordAccounting.com > Tenant Historical Payments**. This lists properties and tenants along with their charges and payments.

Tenant Historical Payments

4:13 PM
01/18/14

YourCompany LLC
Tenant Historical Payments
As of March 3, 2005

Type	Date	Description	Balance
123MainSt			0.00
Robbins,Brad			0.00
Invoice	02/15/2005	1006 123MainSt 360.00 360.00	0.00
Payment	02/15/2005	2/15 received -360.00 0.00	0.00
Invoice	03/01/2005	1011 123MainSt 775.00 775.00	0.00
Payment	03/02/2005	3/2 received -775.00 0.00	0.00
Total Robbins,Brad			0.00
Total 123MainSt			0.00
1610NAndrews			0.00
Gold,Audrey			0.00
Invoice	03/01/2005	1012 1610NAndrews 600.00 600.00	0.00
Payment	03/02/2005	3/2 received -600.00 0.00	0.00
Total Gold,Audrey			0.00
Total 1610NAndrews			0.00

You may want to record in the memo line of the Receive Payments window the date each rent check was received, however if you “Receive Payment” with the specific date each one was received, then you do not need to enter anything in the memo. It’s your choice to use whichever is easier for you to remember when entering the payments.

If you want to further customize the report to only include one property: click **Customize Report**, the **Filters** tab, and set the Class to the property you are interested in.

Modify Report: Tenant Historical Payments

Display **Filters** **Header/Footer** **Feats & Numbers**

CHOOSE FILTER

FILTER **SET TO:**

- Aging
- Billing Status
- Class** **123MainSt**
- Cleared
- Customer Type

CURRENT FILTER CHOICES

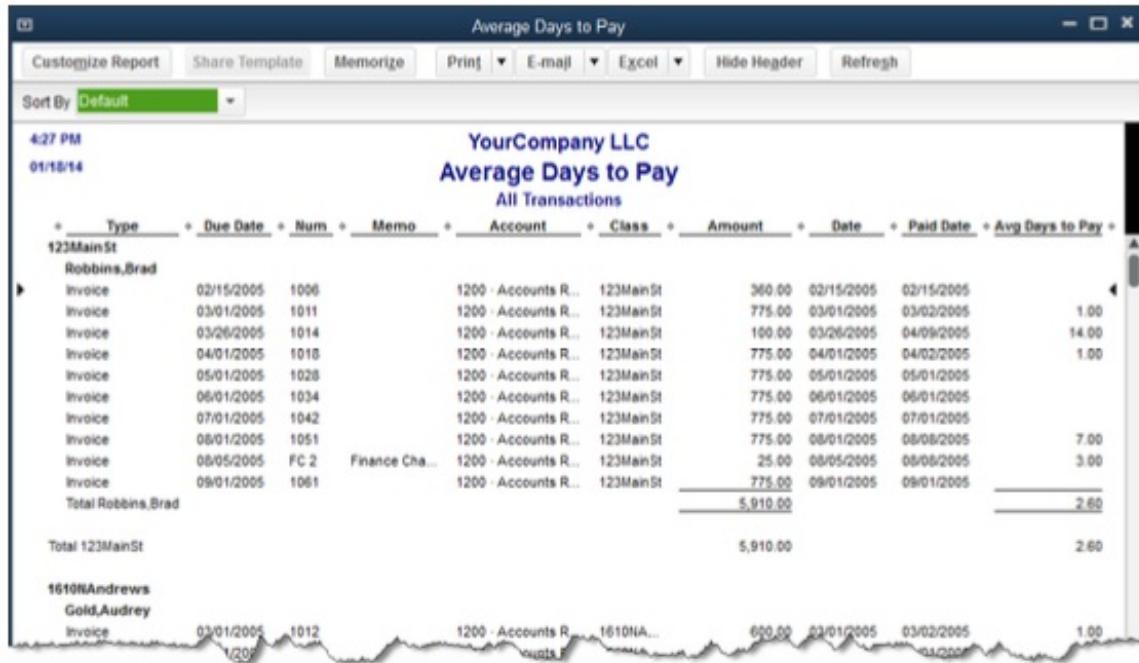
FILTER	SET TO:
Account	All accounts receivable
Date	Custom
Class	123MainSt

CLASS FILTER
Choose a class (a group of transactions) from the drop-down list.
[Tell me more...](#)

Buttons: OK, Cancel, Help, Revert

If you need further customization of the report and have Excel installed, click the **Excel...** button on

top of the report. You can choose to export to a new Excel worksheet, or update an existing one.



Modify the spreadsheet before printing or saving. You can customize reports in Excel beyond what you can do with QuickBooks alone. Also, since QB 2012 there is the feature to update an existing worksheet. This way report customizations you make in the Excel are maintained and just the underlying QuickBooks data is updated.

In new versions of QuickBooks, you can also create a more detailed version of this. Click: **Reports > Customer & Receivables > Average Days to Pay**. This is a useful report to observe who is consistently late. You can also filter it on one tenant and print it out for the eviction process.

Average Days to Pay																																																																																																																																																																																														
Customize Report Share Template Memorize Print E-mail Excel Hide Header Refresh																																																																																																																																																																																														
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<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Type</th><th>Due Date</th><th>Num</th><th>Memo</th><th>Account</th><th>Class</th><th>Amount</th><th>Date</th><th>Paid Date</th><th>Avg Days to Pay</th></tr> </thead> <tbody> <tr> <td>123MainSt</td><td></td><td></td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>360.00</td><td>02/15/2005</td><td>02/15/2005</td><td></td></tr> <tr> <td>Robbins,Brad</td><td></td><td></td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>03/01/2005</td><td>03/02/2005</td><td>1.00</td></tr> <tr> <td>Invoice</td><td>02/15/2005</td><td>1006</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>100.00</td><td>03/26/2005</td><td>04/09/2005</td><td>14.00</td></tr> <tr> <td>Invoice</td><td>03/01/2005</td><td>1011</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>04/01/2005</td><td>04/02/2005</td><td>1.00</td></tr> <tr> <td>Invoice</td><td>03/26/2005</td><td>1014</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>05/01/2005</td><td>05/01/2005</td><td></td></tr> <tr> <td>Invoice</td><td>04/01/2005</td><td>1015</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>06/01/2005</td><td>06/01/2005</td><td></td></tr> <tr> <td>Invoice</td><td>05/01/2005</td><td>1028</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>06/01/2005</td><td>06/01/2005</td><td></td></tr> <tr> <td>Invoice</td><td>06/01/2005</td><td>1034</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>06/01/2005</td><td>06/01/2005</td><td></td></tr> <tr> <td>Invoice</td><td>07/01/2005</td><td>1042</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>07/01/2005</td><td>07/01/2005</td><td></td></tr> <tr> <td>Invoice</td><td>08/01/2005</td><td>1051</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>08/01/2005</td><td>08/02/2005</td><td>7.00</td></tr> <tr> <td>Invoice</td><td>08/05/2005</td><td>FC 2</td><td>Finance Cha...</td><td>1200 - Accounts R...</td><td>123MainSt</td><td>25.00</td><td>08/05/2005</td><td>08/06/2005</td><td>3.00</td></tr> <tr> <td>Invoice</td><td>09/01/2005</td><td>1061</td><td></td><td>1200 - Accounts R...</td><td>123MainSt</td><td>775.00</td><td>09/01/2005</td><td>09/01/2005</td><td></td></tr> <tr> <td>Total Robbins,Brad</td><td></td><td></td><td></td><td></td><td></td><td>5,910.00</td><td></td><td></td><td>2.60</td></tr> <tr> <td>Total 123MainSt</td><td></td><td></td><td></td><td></td><td></td><td>5,910.00</td><td></td><td></td><td>2.60</td></tr> <tr> <td>1610NAndrews</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Gold,Audrey</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr> <td>Invoice</td><td>03/01/2005</td><td>1012</td><td></td><td>1200 - Accounts R...</td><td>1610NA...</td><td>600.00</td><td>03/01/2005</td><td>03/02/2005</td><td>1.00</td></tr> </tbody> </table>											Type	Due Date	Num	Memo	Account	Class	Amount	Date	Paid Date	Avg Days to Pay	123MainSt				1200 - Accounts R...	123MainSt	360.00	02/15/2005	02/15/2005		Robbins,Brad				1200 - Accounts R...	123MainSt	775.00	03/01/2005	03/02/2005	1.00	Invoice	02/15/2005	1006		1200 - Accounts R...	123MainSt	100.00	03/26/2005	04/09/2005	14.00	Invoice	03/01/2005	1011		1200 - Accounts R...	123MainSt	775.00	04/01/2005	04/02/2005	1.00	Invoice	03/26/2005	1014		1200 - Accounts R...	123MainSt	775.00	05/01/2005	05/01/2005		Invoice	04/01/2005	1015		1200 - Accounts R...	123MainSt	775.00	06/01/2005	06/01/2005		Invoice	05/01/2005	1028		1200 - Accounts R...	123MainSt	775.00	06/01/2005	06/01/2005		Invoice	06/01/2005	1034		1200 - Accounts R...	123MainSt	775.00	06/01/2005	06/01/2005		Invoice	07/01/2005	1042		1200 - Accounts R...	123MainSt	775.00	07/01/2005	07/01/2005		Invoice	08/01/2005	1051		1200 - Accounts R...	123MainSt	775.00	08/01/2005	08/02/2005	7.00	Invoice	08/05/2005	FC 2	Finance Cha...	1200 - Accounts R...	123MainSt	25.00	08/05/2005	08/06/2005	3.00	Invoice	09/01/2005	1061		1200 - Accounts R...	123MainSt	775.00	09/01/2005	09/01/2005		Total Robbins,Brad						5,910.00			2.60	Total 123MainSt						5,910.00			2.60	1610NAndrews										Gold,Audrey										Invoice	03/01/2005	1012		1200 - Accounts R...	1610NA...	600.00	03/01/2005	03/02/2005	1.00
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7.13 1099 Reports for Vendors

Talk to your accountant for the criteria necessary for setting up 1099 vendors. You can create several reports and file with the IRS after you have configured the 1099 vendors.

You need to turn the 1099 feature on to take advantage of it. Click **Edit > Preferences...**, and select the **Tax: 1099** section. In the Company Preferences tab, select “Yes” next to “Do you file 1099-MISC forms.” You can E-File or print your 1099’s all within QuickBooks. Click **Vendors > Print/E-file 1099s...**

Caution



Always consult your accountant for assistance in configuring your 1099 vendors, the threshold amounts, and for preparing the 1099-MISC forms. It is likely he or she may prepare these reports for you as part of your tax preparation services.

For a report of the amount that needs to be reported on each vendor’s 1099-MISC form, click in the Menu Bar: **Reports > Vendors & Payables > 1099 Summary**.

For a listing of the payments to vendors that are subject to reporting on the 1099-MISC form, click in the Menu Bar: **Reports > Vendors & Payables > 1099 Detail**.

See Also

For information on how to properly set up 1099 vendors in QuickBooks, see section [3.21 The “Vendor Center” is for Companies You Pay.](#)

To adjust the 1099 vendor threshold amounts, refer to [3.29 Changing QuickBooks “Preferences”.](#)

To learn how to set up 1099 accounts and threshold amounts search for [1099 account](#) in QuickBooks help.

7.14 Report on Asset Value Changes per Property

A memorized report is included in **Reports > Memorized Reports > LandlordAccounting.com > Fixed Asset Changes**. This specifies how over the time period specified, fixed assets' values have changed.

Fixed Asset Changes							
Customize Report		Share Template		Memorize		Print	
Dates	Custom	From	01/01/2005	To	12/31/2005	Total By	Account List
4:33 PM 05/18/14 Accrual Basis							
YourCompany LLC							
Fixed Asset Changes							
As of December 31, 2005							
Type	Date	Num	Name	Memo	Debit	Credit	Balance
1300 - Real Estate Assets							0
1301 - 123 Main St							0
Check	02/15/2005	1018	Bank		50,000	50,000	0
Deposit	09/15/2005	1568	Ben Buyermuch	simplified closing		50,000	0
Total 1301 - 123 Main St					50,000	50,000	0
1302 - 1610 N Andrews							0
Check	01/16/2005	1010	Bank		2,500	2,500	0
General Journal	01/16/2005	4			29,500		32,000
General Journal	02/05/2005	5			10,000		42,000
Deposit	11/16/2005	1685	Ben Buyermuch	sold for 29,500 (a)		42,000	0
Total 1302 - 1610 N Andrews					42,000	42,000	0
1303 - 3304 Covenant							0
Check	01/01/2005	1002	Cristy & Weiss	purchase of 3304	75,000		75,000
General Journal	01/16/2005	3			15,000		90,000
Total 1303 - 3304 Covenant					90,000	0	90,000
1304 - 320 Baker #721							0
General Journal	01/01/2005	2			69,000		69,000
Total 1304 - 320 Baker #721					69,000	0	69,000
Total 1300 - Real Estate Assets					251,000	82,000	169,000
1099 - Accumulated Depreciation RE							0
General Journal	01/01/2005	2				5,000	-5,000
Total 1099 - Accumulated Depreciation RE					0	5,000	-5,000

Also refer to the following report, which is similar.

7.15 Report on Capital Improvements per Property

The values of assets in each asset account are the purchase price plus capital improvements. There are three ways to see the real money you have invested in properties. Create a Balance Sheet report and look at the value for each property. Open the Chart of Accounts and see the open balance. Or, make a QuickReport for an individual property.

Create a **QuickReport** in a property's sub-account under the real estate fixed asset account.

Highlight a sub-account in the Chart of Accounts and press **Ctrl+Q**. Customize it for a specific time period.

The screenshot shows the 'Account QuickReport' window. At the top, there are buttons for 'Customize Report', 'Share Template', 'Memorize', 'Print', 'E-mail', 'Excel', 'Hide Header', and 'Refresh'. Below these are fields for 'Dates' (set to 'All'), 'From', 'To', and 'Sort By' (set to 'Default'). The main area displays a report titled 'YourCompany LLC Account QuickReport' for 'All Transactions'. The report header includes the date '01/18/14'. The data section shows a table with columns: Type, Date, Num, Name, Memo, Split, Amount, and Balance. The table lists a check from '1301 - 123 Main St' to 'Bank' on 02/15/2005, and a deposit from 'Ben Buyermuch' on 09/15/2005. The total amount is \$50,000.00. The report also shows a summary for 'Total 1300 - Real Estate Assets' and a 'TOTAL' row.

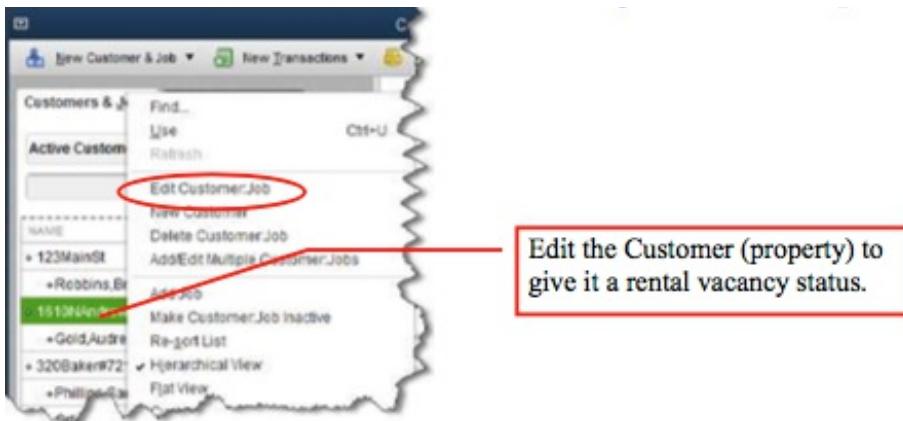
Type	Date	Num	Name	Memo	Split	Amount	Balance
Check	02/15/2005	1018	Bank		1010 - Busine...	50,000.00	50,000.00
Deposit	09/15/2005	1568...	Ben Buyermuch	simplified clo...	1010 - Busine...	-50,000.00	0.00
Total 1300 - Real Estate Assets							
TOTAL							

7.16 Building Insurance Expiration and Status Report

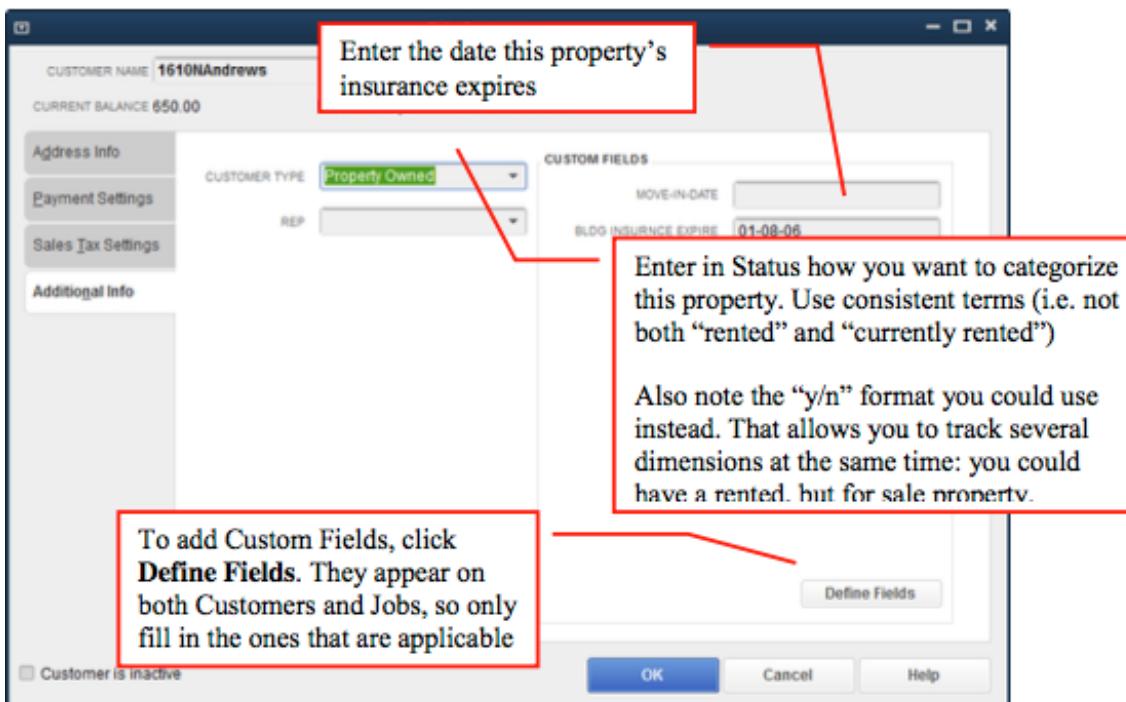
Some readers will find it helpful to create a quick report with custom information about each property. Two custom fields (insurance expiration and property status) will be illustrated in this section, although you can create any other fields to track information meaningful to your business. Status values could be "in rehab," "rented," "for sale," "vacant," etc.

This assumes you have already made each property a Customer and attached tenants on as Jobs. As tenants move out, you made them inactive and added another tenant (Job) to the property (Customer). Classes also have already been created for every property.

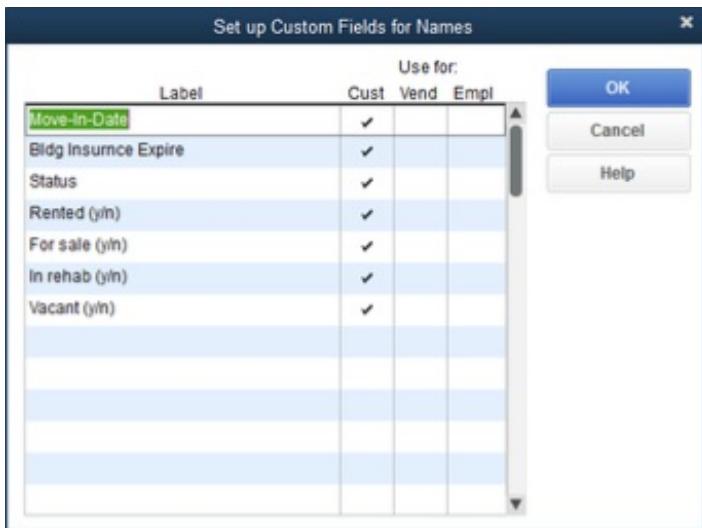
You can track vacancies in this report. Given a property (Customer) named "123MainSt" that is currently rented, go to **Customers > Customer Center** (**Ctrl+J**) and edit the Customer (right-click and select **edit**, or left-click on one and press **Ctrl+E**).



Click the Additional Info tab. In the “Status” Custom Field, enter “Rented” to indicate this property is rented. Later, if this status changes (i.e. Rented and For Sale), you will edit this field. If status is not listed in your defined fields, you will need to add it.



Clicking the **Define Fields** button brings up the following dialog box. QuickBooks includes both Customer (property) and Job (tenant) defined fields in this list. Therefore Move-In-Date is meaningless here, so it will not be used for properties. Likewise, status and insurance expiration will not be used for tenants.



Create the report by clicking in the Menu Bar, **Reports > Memorized Reports > LandlordAccounting.com > Building Insurance and Status List**. If you filled in the relevant information when editing each customer (property) this report will display the insurance expirations for all buildings.

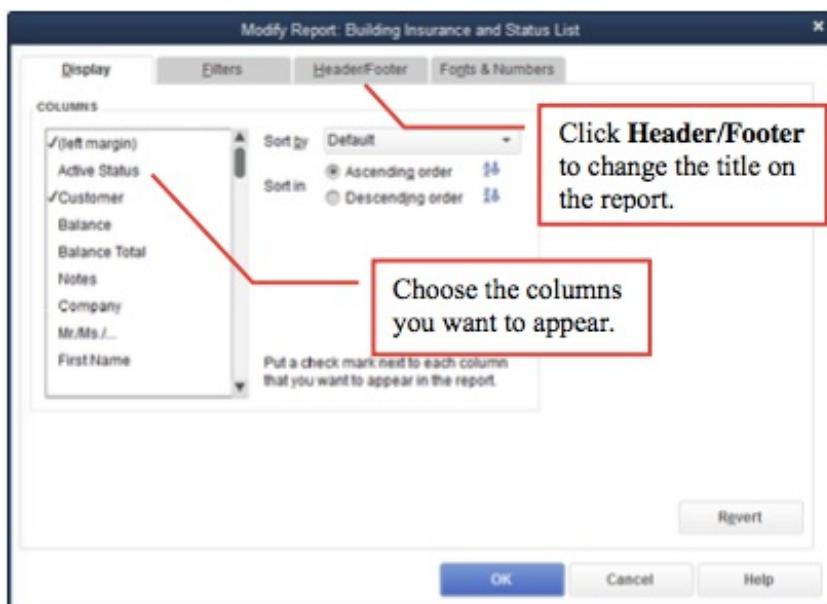
Building Insurance and Status List				
4:55 PM YourCompany LLC 01/18/14 Building Insurance Expiration & Status List January 18, 2014				
Customer Type	Customer	Bldg Insurance Expire	Status	
Property Owned	123MainSt	02-15-06	Rented	
Tenant	123MainSt:Robbins,Brad			
Property Owned	1610NAndrews	01-08-06	Sold	
Tenant	1610NAndrews:Gold,Audrey			
Property Owned	320Baker#721	01-01-06	Rented	
Tenant	320Baker#721:Phillips,Sarah			
Tenant	320Baker#721:Ortiz,Ernesto			
Tenant	320Baker#721:Kesey,Mike			
Property Owned	3304Covenant	01-01-06	Rented	
Tenant	3304Covenant:Lee,Jake[A]			
Tenant	3304Covenant:Keating,Jessica[B]			
	3304Covenant:Lee,Kristen&Jake[A]			

Quick Tip

Come up with descriptive and consistent terms you will use to describe your properties (i.e. for “status”). This way, when you run a report listing the properties, you can group all properties of the same status together (by sorting on the Status column). Some terms you may want to consider are: Rented, Rented and For Sale, For Sale, Vacant, Vacant and For Sale, Sold, or Rehabbing, to name a few.

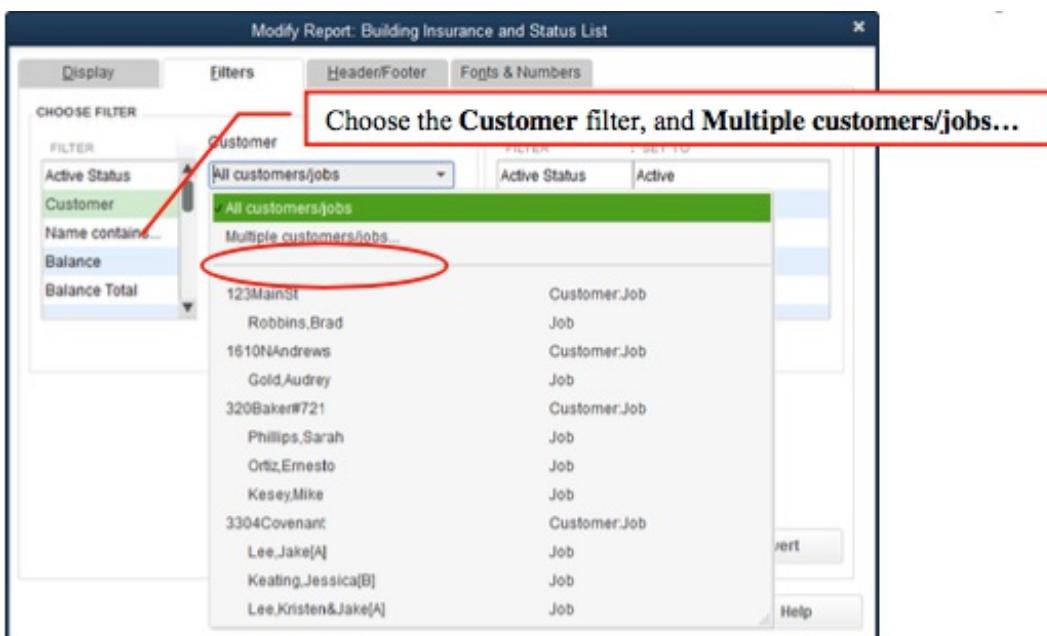
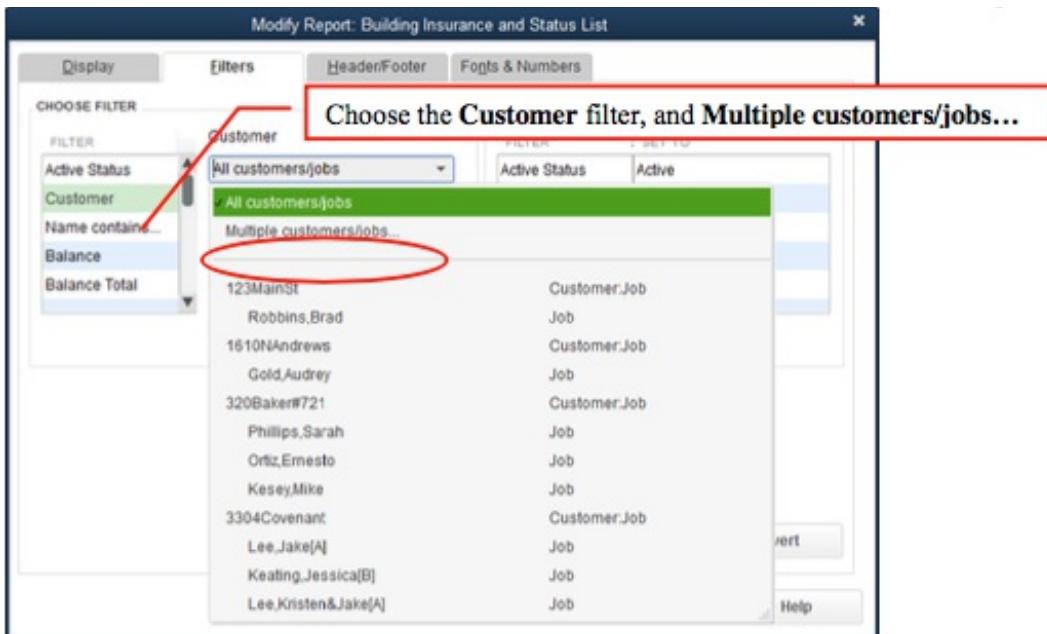
Alternatively, you can use several yes/no fields to track several different attributes. Both examples are shown in the screenshots above.

If you created additional defined fields for properties, and wish to include them as columns in this report, click the **Modify Report...** button. In the window that opens, on the **Display** tab, choose the columns you want visible. Optionally, change the Report Title in the **Header/Footer** tab.



You may notice that both properties and tenants are listed in this report. You may prefer to only see properties. You can manually select the customers to include (show below) or use Customer Types to filter out tenants (refer to the See Also box below).

If you don't want to see the tenant's (jobs) in this list as well, click **Modify Report...** and in the **Filters** tab, select **Customers** and in the dropdown, **Multiple customers/jobs**. Then check each customer you want to display, skipping all jobs.



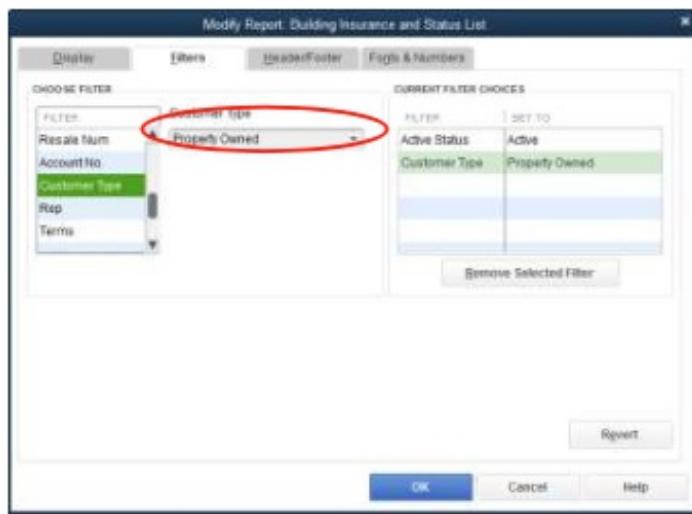
Click **Ok** back to the report.

Building Insurance and Status List					
Customize Report		Share Template		Memorize	
Print		E-mail		Excel	
5:03 PM	YourCompany LLC				
01/18/14	Building Insurance Expiration & Status List				
	January 18, 2014				
►	Customer Type	Customer	Bldg Insurance Expire	Status	◀
	Property Owned	123MainSt	02-15-06	Rented	◀
	Property Owned	1610NAndrews	01-08-06	Sold	◀
	Property Owned	320Baker#721	01-01-06	Rented	◀

If you are satisfied with this presentation, click **Memorize**. If you memorize it do not forget to add any new properties you buy to the filtered customers above, as well as keep updating the statuses and insurance expiration dates.

See Also

You can use “Customer Type” to display only Properties in this report. This can be easier than the previous manual selection of every class method above. Refer to section [7.18 Using Customer Type for Enhanced Reporting](#). You will need to enter the Customer Type on every property you create in the Customer Center.



Hopefully you can see the flexibility you have to track various types of property and tenant attributes in Customers and Jobs. You do not need to use all of these tricks, but as your company grows, it will probably be useful to use more and more of them.

7.17 Tenant Move-In-Date and Contact Information Report

In the Menu Bar click **Reports > Memorized Reports > LandlordAccounting.com > Tenant Contact and Move-In-Date List**. It will display tenants, categorized by property, with their phone, email, and any custom fields you have created (such as Lease Expiration).

To change the columns of information displayed, click the **Customize Report...** button and choose the columns that are visible.

You need to “Define Fields” for the customers’ in order to enter the Lease Expirations and other dates. Refer to the previous section for details in defining fields.

Tenant Contact and Move-In-Date List				
Customer Type	Customer	Move-In-Date	Main Phone	Main Email
Property Owned	123MainSt			
Tenant	123MainSt:Robbins,Brad	02-15-05	(123) 555-1999	brad@example.com
Property Owned	1610NAndrews			
Tenant	1610NAndrews:Gold,Audrey	03-01-2005	(211) 555-1234	audrey_gold@example.com
Property Owned	320Baker#721			
Tenant	320Baker#721:Philips,Sarah	09-10-05	(903) 123-5555	sarahp@example.com
Tenant	320Baker#721:Ortiz,Ernesto	02-01-05	(933) 555-3038	ernesto.ortiz.1@example.com
Tenant	320Baker#721:Kesey,Mike	02-01-05	(433) 876-0030	mkesey@example.com
Property Owned	3304Covenant			
Tenant	3304Covenant:Lee,Jake[A]	07-01-06	(555) 555-2000	jlee@example.com
Tenant	3304Covenant:Keating,Jessica[B]	04-01-05	(437) 555-1285	jessicak@example.com
	3304Covenant:Lee,Kristen&Jake[A]	01-01-05	(437) 555-1234	ljeek@example.com

You may notice that both properties and tenants are listed in this report. You may prefer to only see tenants. Refer to the section in the See Also box below for instructions.

See Also



You can use “Customer Type” to automatically display only tenants in this report. Refer to section [7.18 Using Customer Type for Enhanced Reporting](#).

7.18 Using Customer Type for Enhanced Reporting

The previous two reports on property and tenant information were cluttered with both Customers and Jobs. You may recall how on the Tenant Information sheet properties (Customers) were listed as well as tenants (Jobs). It would be clearer if only Jobs were shown.

Property Owned	123MainSt
Tenant	123MainSt:Robbins,Brad
Property Owned	1610NAndrews
Tenant	1610NAndrews:Gold,Audrey

02-15-05
03-01-2005

Properties and tenants listed together is confusing

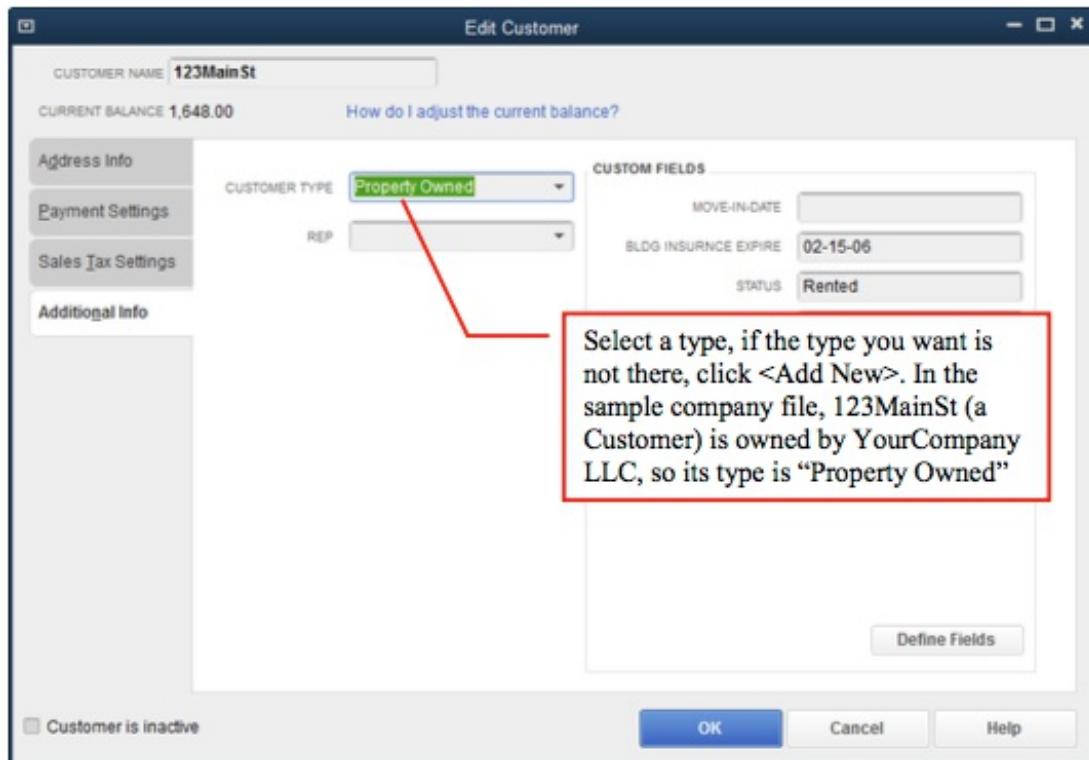
There are two steps to using Customer Types for enhancing your reports. First apply customer types to Customers (properties) as well as Jobs (tenants). Second, filter reports by customer type to exclude all properties from a Tenant Information list, or exclude tenants from the Property Insurance Expiration and Status Report.

Definition

Customer Type: let you categorize your customers in ways that are meaningful to your business. Recall that for Landlords, Customers are properties and Jobs are tenants.

Customer types can be assigned to customers as well as jobs. For example, you could set up your customer types so that they indicate if a property is company owned, managed for a client, or specify a Job is a tenant or property management client. When generating reports, you can use this additional information to filter the results.

Open the Customer Center by clicking the Customers button in the menu bar. Then right click on a property and click **Edit**. Click the **Additional Info** tab and select a **Type**.

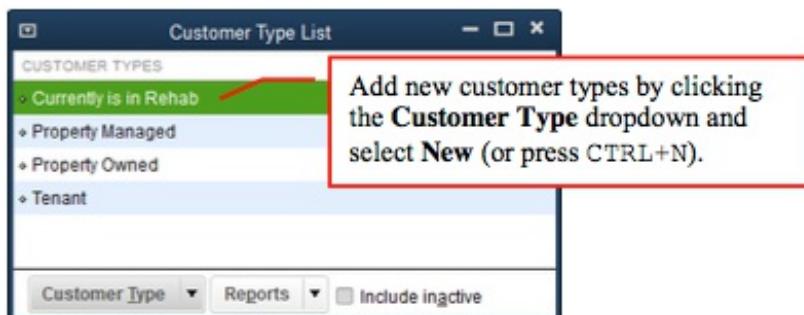


See below for a sample of Customer Types you may want to use. These become more important as you have more properties that you are managing with QuickBooks

Customer Type	Purpose	Used in Sample Co. for...
Property Owned	A Customer which is a property your company owns	320Baker#721 (Customer)

Customer Type	Purpose	Used in Sample Co. for...
Tenant	A Job under property owned by your company	Gold,Audrey (Job)
Currently is in Rehab	Tracks properties that are undergoing serious renovation	Not in sample company file
Property Owned, Outside mgmt	A Customer which is a property you own, but outsource property management to an external vendor	Not in sample company file

To view and edit possible Customer Types, click: **Lists > Customer & Vendor Profile Lists > Customer Type List.**



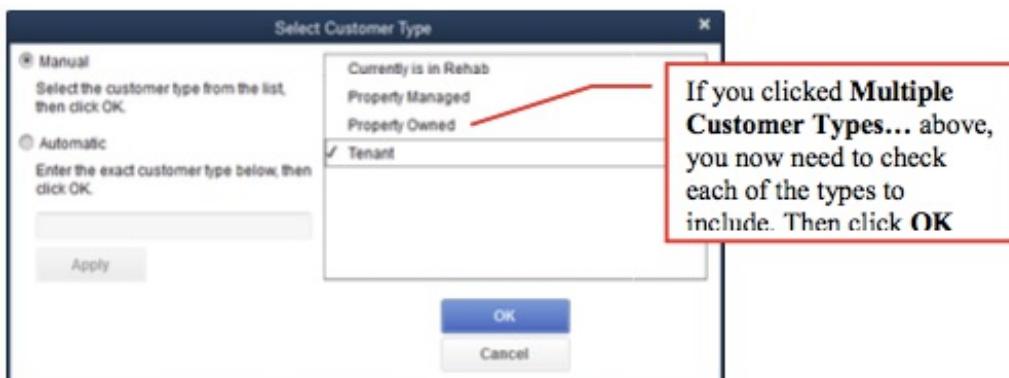
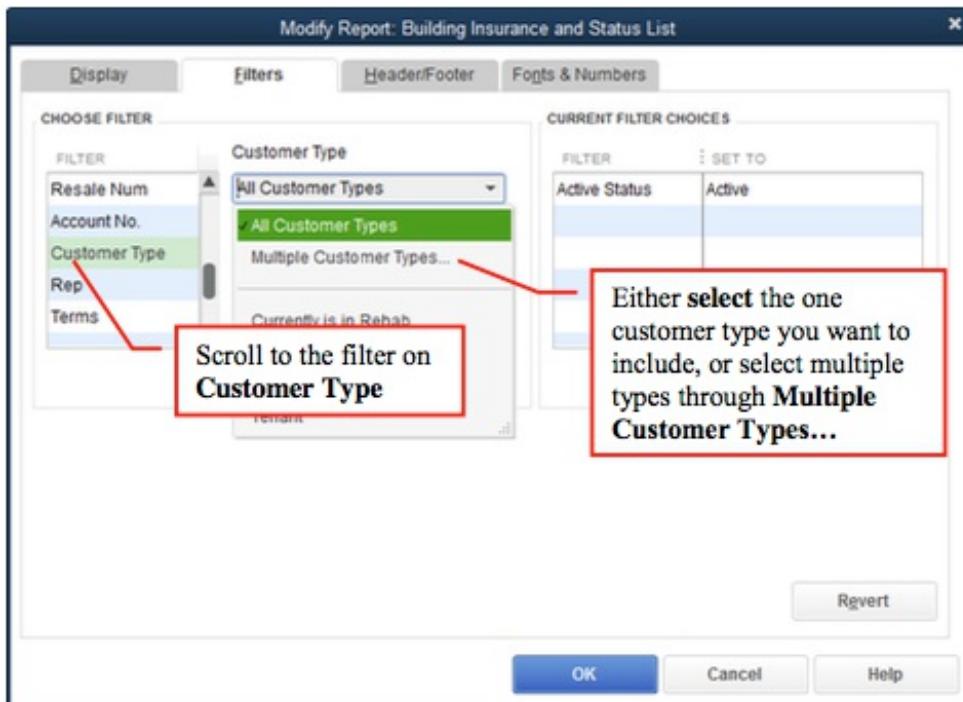
You can also click and drag the diamond symbols to create sub-types.

Caution



To get most the benefit, you must apply Customer Types to all Customers as well as Jobs. Do not forget to add the type when setting up new properties or tenants. If it is neglected, you may inadvertently exclude some properties or tenants from reports.

When you are ready to filter a report for Customer Type, open the report (for example: **Reports > Memorized Reports > LandlordAccounting.com > Tenant Contact and Move-In-Date List**). Then click the **Customize Report...** button and click the **Filters** tab.



Optionally, click the **Header/Footer** tab to modify the Report Title. Click **OK** in the Modify Report window.

The following report appears.



You can repeat the same technique for the Building Insurance Expiration and Status Report: (1) add

Customer Types to all Customers and Jobs, and (2) Filter the report by customer type.



Q: What if I add a new tenant, but forget to give it a Customer Type?

If you do not assign a tenant a customer type then when you filter a report on a certain customer type, it will not be included. This could cause confusion therefore it is suggested you build checklists and follow a standard operating procedure when adding tenants or properties.

Audit yourself by running a report (with no filter) on all customers and jobs – listing their Customer Types column. Look for blank values and this can help you catch errors quickly.

7.19 Congratulations you made it!

I hope you have learned a lot and want to team up with your accountant to start using QuickBooks in your real estate investing business. Please check the website LandlordAccounting.com/forum for a free users' forum, customer support, and new products.

If this book has helped you, please send an email to info@LandlordAccounting.com, or share a testimonial at LandlordAccounting.com/your-story how this helped you. Your feedback means a lot to us! Other landlords will be encouraged by your success, and we respond to every email people send us. Please follow us on Twitter at: [@landlording](https://twitter.com/@landlording).



Also, share your story or give us feedback how to improve at LandlordAccounting.com/your-story.

Appendix A: Business Entities

Caution

This information is only provided as a starting point for further education. Check with your legal and tax professionals for advice tailored to your situation. Nolo Press (www.nolo.com) also has several high quality books on business entities.

A.01 Sole Proprietorship

Operating any business as a sole proprietorship is generally not advised as you are exposing yourself to personal liability if something happens in the business. Consult an attorney and find out what entity is best for you.

A.02 LLC

This is very common among real estate investors and management companies. This is the structure assumed in this book. Laws differ from state to state, and LandlordAccounting.com does not provide any legal advice. Consult your attorney.

See Also

If you wish to transfer properties you own into an entity, see [4.08 Transfer a Property you own into Your Company](#). However, use that example as a starting point for further research. Asset transfers are complicated and need professional guidance.

If you wish to purchase properties outright by an entity, see [4.01 The Basics of Properties in QuickBooks](#) and [4.04 Record a Purchase with a Conventional Mortgage](#) regarding purchasing properties by an entity. Once again, consider that a starting point for learning more about QuickBooks rather than a lesson on purchasing assets. Consult your own professionals!

A.03 Multiple Entity Structure

QuickBooks is designed to handle bookkeeping for one company. If you are using a multiple entity structure, you could use classes for each entity and sub-classes for each property or owner. Some companies chose to create an account for each entity, and duplicate sub-accounts (like Rent Income and Maintenance Expense) under every entity's account. Different files could also be used for each entity. Delving into the issues of a multiple entity structure is out of the scope of this book. However, here are a few considerations. Fundamentally, you have a choice to:

1. Create separate company files for each entity.
2. Create one company file for all entities.

-
3. Create one company file for a “management company” and one for the “asset holding companies.”

Intuit would want you to create separate files for each entity, because their tax line mappings are designed for one file to map to one company. And, when creating Balance Sheet or P&L reports they default to include all accounts. If you go this route, it will take some effort to and open and close and enter transactions in each company file. But, reporting will be straightforward.

If you combine all entities into one company file, you ultimately need to be able to create reports that show the financials of each company independently. There is a lot to think about, but it can be done. You will need equity, income, expense, asset, etc. accounts for each entity. And, you will want to memorize reports for each entity’s P&L, Balance Sheet, and other reports. These will need to have filters set to only include that entity’s P&L/etc accounts. It will be helpful to use a naming convention before every account name so you know what entity it represents.

If you have a management company and an asset holding company, the bulk of your day to day transactions will go in the former. Then, simpler income and expense transactions will trickle down into the entities that own the assets. In the “asset holding companies” file, you will need to also memorize various reports to report for each entity’s performance independently.

It is best to work closely with your accountant to decide how to configure a multiple entity setup, and reach a balance between efficiency and reporting needs.

A.04 Other Structures

If you have a C or S-Corporation, some things will be the same as for LLC’s. This manual is modeled after an LLC. Please check with your attorney and accountant for what is unique for your company.